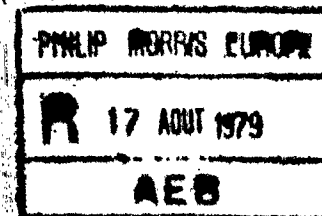


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CONTENTS

SMOKING & HEALTH - FIVE YEAR PLAN



Back from RWM

TABLE OF CONTENTS

Introduction

International Committee on Smoking Issues (ICOSI)

Individual Country Analyses

Area I

- Finland
- Sweden
- Denmark
- Norway
- United Kingdom
- Ireland
- Germany
- Austria

Area II

- Switzerland

Area III

- France
- Italy
- Belgium
- Holland

Area IV

- Eastern Europe
- Yugoslavia

Area V

- Iran
- Kuwait
- Saudi Arabia
- Bahrain
- Lebanon
- Turkey
- Egypt
- Africa (Excluding Nigeria & Egypt)
- Nigeria
- South Africa
- Israel
- Greece

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INTRODUCTION

I N T R O D U C T I O N

Smoking and Health is one of the most vitally important issues facing Philip Morris and the entire tobacco industry today. And it will continue to be so throughout the Plan period. The activities and influence of the anti-smoking forces continue to grow with ever increasing momentum. As was evident at the 4th World Conference on Smoking and Health in Stockholm, June 18-21, 1979, they are better organised and coordinated on an international basis than ever before and have succeeded in transforming their movement from one consisting of a variety of voluntary groups to one supported by international organisations - conspicuously led by the World Health Organisation - by Departments of Governments and their bureacracies. Although the health issue remains of central importance, the main thrust of the attacks against the Industry has shifted to the social acceptability of smoking and its three main components : "passive" smoking, social costs and courtesy/annoyance.

In the developed countries, the Industry and its consumers are being subjected to increasing restrictions in the marketing and usage of cigarettes. Led by the Nordic countries, advertising and promotion is now banned outright in a number of markets, and smoking is being increasingly regulated in public places. Health Education Authorities are running programs in schools and colleges with the message not that smoking is an adult custom about which a decision should be made later on, but that it is dangerous to start at all. Research has shown that more people are quitting smoking than are starting, and that a majority of smokers would like to give up if they could.

Cigarette consumption in the developing countries is now no longer immune to these effects. A new, large-scale attack on these markets is being launched by the anti-smoking forces. The thrust of their offensive will be the health issue, social acceptability, marketing restrictions and the alleged activities of the international tobacco companies as multinational corporations. They are also seeking to discourage even the growing of tobacco despite its clear economic importance to many developing countries.

Therefore, there is little doubt that the smoking and health issue will touch on nearly every aspect of responsible and profitable Management of the corporation, internationally and especially within the Region, today and in the future.

A description of the recently established International Committee on Smoking Issues (ICOSI) and its Secretariat is provided within this book. Directly following this, analyses of the situation in individual countries are given. In order to incorporate the various interrelated aspects of the smoking and Health issue and its impact on Philip Morris, these analyses have been structured according to the following categories:

- Political Factors
- Anti-Smoking Factors
- Industry Factors
- Ideological and Social Factors
- Present Situation and Its Effects on Philip Morris' Activities
- Future Developments and Their Effect on Philip Morris' Activity

In addition, action plans, located directly after the respective analyses, have been developed for those countries in Areas I, II and III. Likewise, Area-wide action plans have also been formulated for Areas IV and V.

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ICOSI - INTERNATIONAL COMMITTEE ON SMOKING ISSUES

History

ICOSI - the International Committee on Smoking Issues - was formed so that in face of the growing threat to the industry world-wide, the Companies and the National Manufacturers' Associations can unite and respond with common approaches.

ICOSI has developed and taken shape since June 1977 through a series of meetings attended by representatives of the seven founder companies :

BAT	Reemtsma
Gallaher	Reynolds
Imperial	Rothmans
Philip Morris	

ICOSI is incorporated through its Charter as a non-profit organisation and was legally established in Geneva. The office of the Secretariat is located in Brussels.

Role and Purpose

ICOSI aims to coordinate industry efforts to study and act upon issues of common interest to the tobacco industry and its publics, with particular regard to smoking as a social issue.

ICOSI serves principally as a clearinghouse of information in support of national tobacco manufacturer's associations and member companies so that they may be fully informed in dealing with issues related to smoking in their own markets.

ICOSI does not deal with matters connected with the marketing of tobacco products or other issues of a competitive or commercial nature.

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Organisation

The Board of Governors meets annually and decides main policy. It comprises one principal from each of the member companies.

The Executive Committee meets two or three times a year, and is responsible for implementing the policies of ICOSI. It comprises one principal from each of the member companies. It is also empowered to create Working Parties and Task Forces, as necessary, for the implementation of ICOSI policies and these bodies are responsible to them.

The Secretary General, Mr. Julian Doyle, is responsible to the Chairman of the Board of Governors but in all day to day matters he reports directly to the Chairman of the Executive Committee. He is responsible for ensuring that particular decisions are implemented and for reporting progress on them. He is also responsible for maintaining contact with the various ICOSI Working Parties and Task Forces. Among his other principal responsibilities are:

- a) Setting up and developing the Secretariat in Brussels.
- b) In consultation with the members of the Executive Committee developing policies and initiatives to further the interest of ICOSI.
- c) Monitoring the progress of agreed programs which are carried out by ICOSI members through National Manufacturers Associations.
- d) Providing satisfactory means of communication between ICOSI and its member organisations, National Manufacturers Associations and, when required, between ICOSI and such outside bodies as WHO, UICC, the EEC Commission etc.
- e) Ensuring that statements and publications issued by, or on behalf of, ICOSI are cleared from both the legal and scientific standpoints and accurately reflect the position of the members.

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Working Parties and Task Forces

The Executive Committee has set up a number of Working Parties and Task Forces to deal with specific tasks in specific areas. Members are drawn from the companies and, in certain circumstances, from the National Manufacturers Associations. Each group works under an appointed Chairman and reports on their work are made to the Executive Committee.

At present time the Working parties include:

SAWP (Social Acceptability Working Party)

Chairman: Mr. D. Durden, R.J. Reynolds - to be succeeded by Ms. M.W. Covington, Philip Morris

Countermeasures Development Sub-Committee

Chairman: Mr. R. M. Corner, Philip Morris

STAG (Scientific and Technical Advisory Group)

Chairman: Dr. H.R. Bentley, Imperial

EAC (Effects of Advertising on Cigarette Consumption)

Chairman: Mr. J.M. Hartogh, Philip Morris

The Task Forces consist of the following:

Product Liability (EEC) Task Force

Chairman: Mr. N.R. Douglas, Imperial

EEC Consumerism Task Force

Chairman: Mr. D. Von Specht, BAT

4th World Conference Task Force

Chairman: Mr. J.M. Hartogh, Philip Morris

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ICOSI's Relationship with National Manufacturers' Association

ICOSI's role is, primarily to help and support individual National Associations, where they exist, with information, position papers, advance warning of events, lessons learnt from other countries, etc.

Implementation of the broad policies or use of the position papers, studies or data supplied by ICOSI will be the responsibility of the National Manufacturers' Associations or the Companies in each country. They will have to judge the local situation and decide when and how to use the materials that ICOSI has provided.

These materials often come from the Associations and individual companies, as well as from the ICOSI Working Parties and Task orces. The importance here is that the flow of information is and must be in both directions.

ICOSI does not intend to adopt a public or spokesman role. This is seen to be the job of the Associations or the Companies.

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AREA I

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FINLAND - SMOKING AND HEALTH

Political Factors

As in Sweden, Norway and certain other countries, the attitude towards smoking and health in Finland has little to do with the political colour of the government, but is more a result of the 1972 Nordic Council's request to all the Nordic governments to establish prohibitory and regulatory measures. Finland was designated as the coordinating country for carrying out the Council recommendation.

The Ministry of Social and Health Affairs is headed by Minister Katri-Helena Eskelinen and also controls the State Medical Board of Health. The Tobacco Law and Statutes were prepared by top civil servants in the Ministry of Social Affairs & Health under the guidance of a Mr. Kimmo Leppo, Vice Chief of the Health Services Department within the Ministry. The State Medical Board of Health in turn is responsible for follow-up and the Ministry of Trade is also involved in the implementation of Law and Statutes.

Anti-Smoking Factors

The anti-smoking campaign in Finland is handled mainly by government. Aside from Mr. Leppo, mentioned above, the State Medical Board of Health also has two departments dealing with the issue. Headed by Mr. Olavi Elo, who is well-known for his anti-tobacco stance, the Health Service Department of the Board focuses on hygiene and consumer protection as well as health education under the direction of Professor Matti Rimpellä, another anti-smoking principal. The Administration Department of the Board is also of particular importance in that it has control over inspection certification and constituent classification of tobacco products.

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During a June 5, 1978 smoking and health seminar in Helsinki, a new proposal was made to lower maximum limits of "tar" nicotine and carbon monoxide in cigarettes and to establish a differential tax based on the classification of cigarettes as "very detrimental" or "detrimental" according to constituent content. Participants at the seminar included government authorities, the press, and tobacco industry representatives among others.

Contact with the media and international anti-smoking organisations is well maintained. At the June 1978 Fourth World Conference on Smoking and Health, approximately twenty-five Finnish representatives were in attendance.

Industry Factors

Philip Morris is represented in the Finnish Association through Amer- Tupakka, the two companies together holding 49% of the market (Philip Morris alone 40%) ; Suomen Tupakka (BAT) has 24% and Retting Strengberg 27% respectively. All dealings with the government are made through the association though the three Finnish companies also have direct lobbying contacts. The new chairman of the association is Mr.S. Salminen, deputy director of Amer-Yhtymä and the secretary is Mr. R. Lintuniemi, who is well known through Finnish television and takes up the issue of smoking and health whenever he can.

Ideological and Social Factors

For almost 20 years, Mr. Kekkonen, President of Finland, has had noticeable influence in this context. In spite of this, and whilst the press in general is anti-smoking oriented, some journalists criticised the new Tobacco Law. A few MDs have also said that the new law will not achieve the desired results. Amongst MPs (total 200), there is a significant number of smokers who have had to accept the new law in line with their party policies. As in other countries, the highly educated classes of the population, including health officials and MDs, accept the statistics linking smoking to various diseases, whilst the working classes appear to be more concerned with the freedom of choice, high taxation and the imposition of non-smoking regulations.

Present Situation and Its Effect on Philip Morris' Activity

At Philip Morris Europe's first meeting with the Finnish Association in Spring 1974, it was said that:

- the industry would have everything under control - no legislation could be expected in the near future.
- the industry would establish best possible contacts with the government.

Nevertheless, in his New Year speech on January 1, 1975, President Kekkonen said that he would ask his government to prepare legislation for tobacco products. On August 13, 1976, Mr. Kekkonen signed the Tobacco Law and on February 25, 1977, the statutes on measures to reduce smoking were issued.

The main aspects of the law and the statutes are as follows:

- prescription of measures for reducing smoking, aimed at preventing the emergence or increase of such health risks and damages as are alleged to be caused by smoking;
- tobacco excise and the determination thereof to be subject to a separate law;
- a total advertising and promotion ban.

An advertising ban on alcohol came into effect on March 1, 1977, but promotions in restaurants, stores and other places where alcohol is sold are allowed (this is not the case for cigarettes). Warning labels on packs are required with the choice between two texts: "smoking endangers your health" or "breathing is easier without smoking"; the Finnish manufacturers have decided on the first text which is to be signed by the Medical Board.

Inspection (marketing) certificate must be established by the state laboratory for all tobacco products (each single brand) and resulting constituent levels for "tar", nicotine and carbon monoxide must be printed on the pack. Maximum levels were set as "tar" 30 mg, nicotine 2 mg, carbon monoxide 25 mg, per cigarette when smoked; all brands will be tested bi-annually in the future.

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Smoking is prohibited in schools, hospitals, state administration offices and public transportation (if not equipped with smoking departments). In public places such as restaurants, dance halls, etc., the owner can decide if there may be smoking, but must put up a sign "Smoking allowed" or "Smoking Prohibited".

Programs on preventive work and research against smoking, followed up by educational information activities are to be held. For this purpose, at least 0.5% of total tobacco tax income or approximately 5.5 - 6 million Fmk were to be used. However, present estimates indicate that only 0.2% has actually been budgeted for this purpose in a cost-cutting move by the State.

The Association made a concerted yet unsuccessful effort to fight against the Tobacco Law with strong support received from Philip Morris. All possible means were used including:

- submissions to the governments;
- lobbying and appearances on TV and radio;
- hiring of leading consultants on constitutional law and economic matters who prepared neutral analyses and recommendations to the government.

The above efforts had only a slight impact on the law and statutes though a transition period was granted from March 1, 1977, to February 28, 1978, valid for products sold in the market prior to March 1977. The transition period pertained to:

- inspection certificate and printing of constituent numbers on packs;
- warning labels;
- advertising and promotion.

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Thus, advertising and promotion of existing products were unrestricted until February 28, 1978 though it was strongly felt within the industry that the companies should carefully stick to the industry advertising code or the government would forbid advertising before the end of the transition period. Philip Morris took full advantage of the transition period during which advertising and promotion were allowed. The main problem facing Philip Morris during this period was to get an inspection certificate for new brands since the State Research Laboratory was fully occupied with the testing of all existing brands.

In addition, new brands launched prior to February 28, 1978 and all brands sold after March 1, 1978 were subject to the law provisions: total prohibition of advertising and promotion and the required printing on the packs of the warning label, inspection certificate, and constituent numbers. If a manufacturer or importer changes the contents of a brand or if he does not follow all the rules of the law, the inspection certificate may be withdrawn.

Specifics for the required classification of brands including new maximum constituent limits to be set were communicated to the Finnish Association in September 1978 as follows:

Maximum Limits	"Very Detrimental" Classification	"Detrimental" Classification
"Tar": 23 mg Nicotine: 1.6 mg CO: 20 mg	"Tar": 23 - 13 mg Nicotine: 1.6 - 0.9 mg CO: 20 - 11 mg	"Tar": 12 mg and below Nicotine: 0.8 mg and below CO: 10 mg and below

The Finnish Association has prepared several pertinent background papers for submission to government although little effect is anticipated since theoretically the classification procedure is an established element of the law. The government intends to implement the classification by the end of 1979 and thereafter will require the respective classifications to be printed on the packs.

All other companies have established new forms of advertising to operate around the law. In 1976, Amer-Tupakka formed a company, Formia, with sales of leisure time articles supporting their leading brand "Form" in a typical example. So far there has been no reaction from the State Board of Health to these new types of advertising.

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Future Developments and Their Effect on Philip Morris' Activity

Philip Morris has the great advantage that Marlboro, with more than 35% market share, is well established and enjoys a strong, positive image. However, Philip Morris' delicate position as not only an outside, foreign company but also as multinational, enjoying this high market share advantage, must be dealt with responsibly and sensitively. Consideration will also be given to Philip Morris' international and pan-European activities which could have an impact on the Finnish market. The law and statutes will continue to be analysed in order to determine any "loopholes" which could still permit some activities in the market and which would allow continued industry growth in the future. Furthermore, efforts are already being made to thwart further restrictive measures; for example, the classification of brands could form the basis for the introduction of a differentiated tax which would require still new legislation.

A new law regarding excise tax which will include a differential tax system is anticipated in 1980. The new tobacco law as implemented in March 1978 is the most restrictive in the Western World. This fact along with prohibitive price and tax increases will make it especially important for the industry to develop a general information and support program for the public at large, and specifically the smoking population, particularly in terms of social acceptability and smoking behavior.

Philip Morris has adjusted its marketing strategy to meet these developments; it is well established in the LTN segment and measures have been taken to lower smoke constituent levels in Marlboro Lights and Belmont Extra Mild to meet the limits of the lower classification. Furthermore, the launch of Merit is planned in autumn of 1979.

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F I N L A N D - A C T I O N P L A N

<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
1. <u>National Association</u>		
Position papers on various aspects of S & H controversy and specific legislative proposals have been and are being provided	On-going	JEG/OS/RMC/TLW
Meeting with association to distribute new background information and to propose action <ul style="list-style-type: none">- to combat social acceptability issue- to assist the smoker in defending himself- to participate in orientation program- to mobilize tobacco family, i.e. retailers and wholesalers- to take up the advertising issue and lobby to amend present law	August 1978	PI/TLW
Meeting with association to provide material relevant to their submission to the government Tobacco Working Group regarding cigarette classification according to constituent levels.	September 1978	Local Lawyer/PI/TLW
Association attended ICOSI Trade Association Meeting (Zurich)	May 1979	ICOSI

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<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
2. <u>Individual PM Action</u>		
Continue to meet with association to persuade them to take a more assertive stance and to advise them of current information	On-going	JEG/OS/RMC/TLW
Expansion of present legal/political activities	On-going/Development Stage	JEG/Local Lawyer/PME-C.A.
Improved information sources and outlets	On-going	JEG/OS/Local Lawyer PME-C.A./Local PR Agency
Improved national implementation of Corporate PR policy	On-going	JEG/OS/PME-C.A./ Local PR Agency
- Corporate Affairs Seminar held to brief local PR advisors with distribution of background materials	June 1978	PME-C.A.
- Seminar on effects of advertising to be held with advertising agencies/pertinent local management	September 1979	PME-C.A./Marketing
- Corporate Affairs Seminar to be held to further brief local PR advisors/pertinent local management	December 1979	PME-C.A.
- Regular distribution of aide-mémoires made to local management	On-going	TLW/PME-PR

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<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
3. <u>PM Employees</u>		
Top executives - S & H seminar held with full distribution of resource materials	February 1978	JMH/PI/TLW
Local management - area seminars to be held - Briefing on S & H with further distribution of resource materials	Spring/Summer 1979	SG/JEG/OS RMC/TLW/HGA
Local staff, licensee management, sales force - S & H presentation with limited distribution of resource materials to be made	1979	JEG/OS/TLW
4. <u>Tobacco Family (Retailers, Wholesalers, Etc.)</u>		
Presentation on S & H with distribution of background materials, i.e. sales brochure, audio-visual presentations etc. to be made	At First Opportunity	Association/ICOSI
5. <u>Consumers</u>		
Campaign to inform consumer through press articles, cinema/TV presentations, etc. on - social acceptability - individual freedoms - smokers courtesy	Development Stage	ICOSI/Association/ PME-C.A./Local Management

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SWEDEN - SMOKING AND HEALTH

Political Factors

The attitude towards smoking and health in Sweden is generally unrelated to the political colour of the government ; anti-smoking attitudes cross political boundaries and pressure in this area comes not from government but mainly from the Parliament. In general the policies of the former Socialist government and the present minority government formed by the liberals have been to maintain a low profile. Responsibility for the smoking and health issue has primarily been delegated to the Social Board, an agency composed of permanent civil servants under the Health and Social Welfare Department.

Following a government decision in March 1977, the former Minister for Health, Mrs. Troedsson, set up a five member "Tobacco Committee" with the authority to propose a program to reduce tobacco consumption and its alleged deleterious effects. In addition a committee of "experts" was appointed to assist the Tobacco Committee in its work. Among these advisors, three members including the committee secretary, are known anti-smoking fanatics.

When it comes to legislation, smoking and health is handled by different departments of the government. The actual health question comes under the Social (Health) Minister and advertising and sales under the Minister of Commerce. The Minister of Industry is also involved, as the government owned Swedish Tobacco Company (former monopoly) is the only manufacturer and the largest selling company in Sweden.

Anti-Smoking Factors

The anti-smoking forces in Sweden are among the most organized and active in Europe. They have an unquestionable effect on governmental and parliamentary policy-making as well as on public opinion. The most important organization is the governmental body, the Social Board of Welfare and Health, which supervises the warning labels and constituent information on the packs. As the World Health Organization affiliate in Sweden, the Social Board is responsible for all official anti-smoking information and guides all educational work regarding smoking and health by various other institutions.

The Board is cleverly working towards the target mentioned in its report issued a couple of years ago, "Steps against smoking", i.e. to reduce consumption to the level of 1920 and to have a non-smoking society by creating a generation of non-smokers. The Social Board has excellent communications with all official bodies, such as government, parliament, school authorities, etc.

NTS, the National Smoking and Health Association, is a voluntary organization which has official recognition by the authorities, i.e. the Social Board, and receives part of its budget from the government. NTS operates as an appendage of the Social Board regarding smoking and health, conducting extensive propaganda programs against smoking in schools, working places, etc. It also publishes considerable educational material in co-operation with the Social Board and its relations with broadcast and print media are very good. One of NTS' main efforts is to create a climate against smoking (social unacceptability). The managing director of NTS is in close contact with the World Health Organization and organizations similar to NTS in other countries in an obvious attempt to adopt a common policy against smoking. NTS is reportedly organizing the Fourth World Conference on Smoking and Health to be held in Stockholm in June 1979 in conjunction with the WHO, UICC, etc.

The Consumer Agency is a governmental body addressed to consumers' interests, including smoking and health. The general director of this organization also holds the position of Consumer Ombudsman and as such is the prosecutor in the Marketing Court. The present regulations as regards tobacco advertising are results of several rulings in the Court after prosecution of manufacturers by the Consumer Ombudsman and, further, by agreement between the industry association and the Consumer Ombudsman. The Consumer Agency and the Consumer Ombudsman are not involved in anti-smoking propaganda ; their main task is to see that marketing steps are not in violation of the marketing law.

A basically voluntary organization, VISIR (We Who Don't Smoke), has a membership characterized by anti-smoking fanatics. Local affiliates exist in most Swedish towns and communities. One of the main reasons for people joining this organization is the social acceptability issue. The members of VISIR work by producing letters to the editors of local and national papers and magazines. Occasionally board members of this association are invited to participate in debates on TV and radio. During the last state fiscal year, VISIR received SK 20,000 from the government to help cover its administrative costs.

Industry Factors

The attitude of the Industry Association towards smoking and health depends to some extent on the attitude of its largest member. The Swedish Tobacco Company, owned by the State with a market share of 86%, has a dominating role in the relations with governmental bodies. Among the foreign companies which are members of the association, Philip Morris is the number two company. Generally speaking, there is a gap between the Swedish Tobacco Company and the some foreign companies in that they accept the health allegations against smoking, whilst all others believe that there is still a controversy. Being state-owned, the Swedish Tobacco Company has difficulties in acting against official state policy on the smoking and health question. The Industry Association has tended to play a cooperative role in its relations with various governmental bodies although Philip Morris has in some instances attempted direct contact.

The Chairman of the association for the past two years has been Mr. Å. Sundquist, who is also managing director of the wholesalers' association. He has good, direct contacts with members of parliament and members of the government. Philip Morris has had several successful meetings with him in order to transmit arguments and information which would be useful in his lobbying efforts.

Ideological and Social Factors

The anti-smoking position has become so widely accepted in Sweden as the correct and proper posture to take that smokers are being regarded by many as asocial individuals. Consumer surveys have shown that about 85% of smokers believe that there is a link between smoking and various diseases. In addition, among highly educated classes of the population, including members of parliament, health officials and physicians, etc., it is accepted that the case against smoking is clearly proven. Among the average working people, they are aware of the smoking and health issue but do not pay too much attention to it. Other things appear to be more important, e.g. their right to smoke without interference from any Social Board dictate. Also important to bear in mind is that in a country like Sweden, where cigarettes are particularly expensive, price, in addition to the anti-smoking pressure, has an inhibitory impact on the smoking population.

Present Situation and Its Effect on Philip Morris' Activity

The present legislative climate concerning tobacco products is based on the 1972 Nordic Council recommendations in which all Nordic countries, including Sweden, were requested to establish prohibitory and regulatory measures. Voluntary agreements exist pertaining to advertising, but at the same time there is a special law, the Marketing Law, overruling all voluntary agreements. Legislation has also been enacted regarding warning labels and "tar", nicotine and carbon monoxide numbers on packs. There are no restrictions of smoking in public places other than long-existing fire regulations; thus, smoking has never been allowed in cinemas, theaters and public transport unless there are special compartments for smokers. Philip Morris' marketing activities have clearly been hampered by the advertising and promotional agreements and by the Marketing Law since the existing rules do not allow the opportunity to build up brand image. If, in spite of these restrictions, Philip Morris tried to promote its products in a normal way, it would be immediately criticized and prosecuted by the Consumer Ombudsman and Marketing Court.

Future Developments and Their Effects on Philip Morris' Activity

A new law will come into force on July 1st, 1979 but does not call for a complete ban on advertising, which will be permitted in strongly limited forms. Furthermore, the law specifies that warning labels and a declaration of constituent content must be printed on all advertising. The new law will be administered by the Consumer Ombudsman who has the authority to specify supplementary rules, which has been done after negotiations with the Industry Association.

In addition, the newly formed Tobacco Committee of the Ministry of Health and Social Welfare has recently produced the first of a series of reports against smoking. The present report is confined to smoking in public places recommending that smoking be banned in all official governmental and municipal premises, all medical facilities including waiting rooms, and further specifies that hotels must have available rooms for non-smokers. The State Board of Health would be responsible for enforcement and supervision. Enactment of these measures is not expected until mid-1980 at the earliest. In Sweden, where quite strong restrictions and anti-smoking propaganda already exist and where an even more restrictive climate is anticipated, Philip Morris' marketing activities and growth will continue to be affected. Philip Morris will utilize every possible means to counteract the situation.

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S W E D E N - A C T I O N P L A N

<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
1. <u>National Association</u>		
Continual coordination and approval of various Association (Swedish Tobacco Branch Association) submissions to government on S & H and related legislative matters	On-going	ICOSI OS/RMC/TLW
Periodic meetings with Association chairman (has excellent parliamentary contacts) to provide him with background information for his lobbying efforts	On-going	ICOSI OS/RMC/TLW
Meeting held with Association to distribute new background materials and to propose action	August 1978	PI/TLW
- to combat the social acceptability issue	Planning Stage	
- to assist the smoker in defending himself	Planning Stage	
- to mobilize the tobacco family, i.e. retailers and wholesalers	Development Stage	
- to participate in orientation program	Development Stage	
- to combat the advertising issue	On-going	
Association attended ICOSI Trade Association Meeting (Zurich)	May 1979	ICOSI

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<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
2. <u>Individual PM Action</u>		
Continue contact with Association chairman/improve personal contact with other industry, political and business leaders with distribution of information	On-going	OS/RMC/TLW
Expansion of present political/legal activities	On-going	JEG/OS/PME-C.A.
Improved information sources and outlets	On-going	OS/PME-C.A./Local PR Agencies
Improved national implementation of Corporate PR policy	On-going	JEG/OS/PME-C.A. Local PR Agency
- Corporate Affairs Seminar held to brief local PR advisors with distribution of background materials	June 1978	PME-C.A.
- Seminar on effects of advertising to be held with advertising agencies/pertinent local management	September 1979	PME-C.A./Marketing
- Corporate Affairs Seminar to be held to further brief local PR advisors/pertinent local management	December 1979	PME-C.A.
- Regular distribution of aide-mémoires made to local management/advisors	On-going	TLW/PME-PR
3. <u>PM Employees,</u>		
Management, sales force and staff presentation on S & H	June 1977	OS/HGA

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<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
Top executives - S & H seminar held with full distribution of resource materials	February 1978	JMH/PI/TLW
Local management - area seminars to be held - Briefing on S & H with further distribution of resource materials	1979	SG/OS/RMC/TLW/HGA
Local staff/sales force - S & H presentation made with special emphasis on 4th WCSH	June 1979	Local Management/ TLW/RMC/DKH
4. <u>Tobacco Family (Retailers, Wholesaler, etc.)</u>		
Presentation on S & H with distribution of background materials, i.e. sales brochures, audio-visual presentations, etc. to be made	At First Opportunity	Association/ICOSI
5. <u>Consumers</u>		
Campaign to inform consumer through press articles, cinema/TV presentations, etc. on - social acceptability - individual freedoms - smokers courtesy	Development Stage	ICOSI/Association/ PME-C.A./Local Management

DENMARK - SMOKING AND HEALTH

Political Factors

Maintenance of personal freedom is especially important in Denmark in contrast to many other Nordic countries. The present coalition Social Democrat-Liberal government appears responsive to this concern and as a consequence is conservative in bringing forth unnecessary legislation. Past and present voluntary and statutory action has been the result of pressure by the Folketing (Parliament) which takes a more liberal attitude toward legislation.

Responsibility for regulation of tobacco products falls on the Minister of the Interior who has made it clear in statements to Parliament that he is not in favor of excessive restrictions or a ban on advertising. He has emphasized his personal view that the role of government should be to inform consumers and to assure personal freedom of choice.

However, Denmark is also a member of the Nordic Council and it has been requested, along with the other Nordic countries, to establish prohibitory and regulatory measures to curb tobacco consumption. Recently, the Danish Government has been debating the establishment of a Health Council.

Anti-Smoking Factors

Anti-smoking forces in Denmark have been less active than in the other Nordic countries. Educational campaigns characterize the movement and are primarily directed to school audiences. Both the Ministry of Education and the Danish Cancer Society have mainly been involved in this activity. The Danish Heart Association and Dr. Tage Egsmose of the Hygienic Institute, are also active. Dr. Egsmose has recently been promoting the establishment of specific councils, e.g. an Anti-Smoking Council, an Anti-Alcohol Council, etc. instead of the government planned Health Council. These parties rely on information from other countries and the international health organizations to conduct their campaigns.

Industry Factors

The Danish Association is completely dominated by the Scandinavian Tobacco Company which has a 99% market share. In spring 1977, the association launched a cartoon PR campaign directed at public smoking. The campaign emphasized the consideration due smokers and nonsmokers alike and presented suggestions to both groups on how they could achieve this.

Relations with the government are quite good and the association has had some success in negotiating voluntary advertising restrictions in lieu of legislation.

Ideological and Social Factors

Smoking and health is a matter of concern in Denmark among opinion leaders, members of parliament and health professionals. The allegations against smoking appear to be more widely accepted among the highly educated classes of the populace. Most important to the Danes, however, is the maintenance of personal freedom of choice.

Present Situation and Its Effect on Philip Morris' Activity

In 1972 an agreement was reached between the Minister of the Interior and the industry whereby certain advertising would voluntarily be self-regulated by the industry. As such, tobacco advertising is excluded from cinemas, the broadcast media and can in no way appeal to youth. There is no obligation to include a warning label on the packs and in advertising. However, in early 1978, the Scandinavian Tobacco Company started to print all nicotine and condensate numbers on all of their brands. Segregated seating exists for smokers and nonsmokers in trains and airplanes but smoking is prohibited in most other public transport. Although no restrictions have been placed on smoking in other public places including schools and hospitals, signs discouraging or forbidding smoking appear in these premises. Smoking is not allowed in theatres or cinemas as a result of fire regulations. The fact that one company almost completely controls the Danish market has made it extremely difficult for Philip Morris to find an opening in this market.

Future Developments and Their Effect on Philip Morris' Activity

The Danish government, like all other Nordic governments, was asked by the Nordic Council to apply the recommendations of the Council concerning smoking and health. There will also be increasing pressure in future from the EEC to act in this regard. Thus, in spite of the attitude of the present government, it is generally felt that government will not be able to resist further legislation for more than approximately three years. It will therefore be necessary for the industry, including Philip Morris, to establish an appropriate means to inform decision makers, opinion leaders and the media on all aspects of the smoking and health issue in order to avoid extreme legislation which would make it even more difficult for Philip Morris to penetrate the Danish market.

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D E N M A R K - A C T I O N P L A N

<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
1. <u>National Association</u>		
STC (Scandinavian Tobacco Company) established PR program emphasizing public smoking	Since Spring 1977	STC
Proposal to become even more active on social acceptability issue	Planning Stage	OS/PME-C.A./ Local PR Agency
Association attended ICOSI Trade Association Meeting (Zurich)	May 1979	ICOSI
2. <u>Individual PM Action</u>		
Establish closer contact with STC (98% market share) for more effective communication and action as industry spokesman	On-going	OS/RMC
Improved information sources and outlets	On-going	Local PR Agency/ OS/PME-C.A.
Presentation and distribution of background information to key political, industry and media leaders	On-going	Local PR Agency/ PME-C.A.

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<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
Improved national implementation of Corporate PR policy re S & H	On-going	OS/PME-C.A./ Local PR Agency
- Corporate Affairs Seminar held to brief local PR advisors with distribution of background materials	June 1978	PME-C.A.
- Seminar on effects of advertising to be held with advertising agencies/pertinent local management	September 1979	PME-C.A./Marketing
- Corporate Affairs Seminar to be held to further brief local PR advisors/pertinent local management	December 1979	PME-C.A.
- Regular distribution of aide-mémoires made to local management/advisors	On-going	TLW/PME-PR
3. <u>PM Employees</u>		
Top executives - S & H seminar held with full distribution of resource materials	February 1978	JMH/PI/TLW
Local management - area seminars to be held	1979	SG/RMC/TLW/HGA
- Briefing on S & H with further distribution of resource materials		
Agents sales force and staff presentation on S & H to be made	At First Opportunity	SG/OS/TLW

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<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
4. <u>Tobacco Family (Retailers, Wholesalers, Etc.)</u> Presentation on S & H with distribution of background materials, i.e. sales brochure, audio-visual presentations, etc.	At First Opportunity	Association/ICOSI
5. <u>Consumers</u> Campaign to inform consumer through press articles, cinema/TV presentations, etc. on <ul style="list-style-type: none"> - social acceptability - individual freedoms - smokers courtesy 	Development Stage	ICCSI/Association/ PHE-C.A./Local Management

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NORWAY - SMOKING AND HEALTH

Political Factors

The present minority government is strongly anti-smoking and its legislative attitude on smoking and health is based on a government working group report "Influencing Smoking Behaviour", published in 1969, and on the 1972 request of the Nordic council that all Nordic governments should establish prohibitory and regulatory measures regarding smoking and tobacco products. The Ministry for Social Affairs is responsible for the regulation of tobacco products and its Minister, Ruth Ryste (Labour Party) must approve the anti-smoking campaigns although she, herself, is not personally involved in the controversy. She is not considered to be popular with the Norwegian populace. Within the Ministry of Social Affairs, the Health Department is directed by Torbjoern Mork. Mr. Mork smokes though he has been criticized for so doing by the Norwegian press. New elections last year did not change the government's attitude towards the smoking and health question.

Anti-Smoking Factors

Most important of all anti-smoking bodies is the National Council on Smoking and Health which was created by the Norwegian government in 1971. The Council has, as its mandate, the responsibility for preparation, coordination and supervision of specific programs for the control and prevention of cigarette smoking. In particular, the Council collects all information on research connected with smoking and health; serves as an information bank for the various government departments, the health services, the school services and the general public; develops and organizes information activities; conducts research on smoking trends and the effect of anti-smoking activities and supervises anti-smoking clinics.

The National Council on Smoking and Health is under the administration of and funded by (1977 subsidy was \$ 500,000) the Ministry of Social Affairs. The Council serves as a consultant to this Ministry on the implementation of statutes and regulations against smoking.

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The council works in close cooperation with other national agencies including, for example, the Directorate of Public Health, the Ministry of Church and Education, the Central Information Service, the National Film Board and the National Broadcasting Corporation. The Council also coordinates with voluntary organizations such as the Norwegian Cancer Society, the Norwegian Association on Smoking and Health, and the Norwegian Temperance Society, among others. Recently, the Council has had 300 free lance field workers speaking at educational institutions etc. about smoking and health.

Industry Factors

Two thirds of the Norwegian market is controlled by J.L. Tiedemanns and its owner, Mr. Andresen carries considerable weight in the Norwegian Tobacco Manufacturers Association. Mr. Andresen also owns a number of non-tobacco companies and consequently has significant outside political influence.

Historically, the Norwegian association has been very cooperative in dealing with government. Even when the present Norwegian law was presented in 1973, Mr. Andresen could not be persuaded to combat it. Since that time, however, some progress has been made in agreeing to fight the social unacceptability issue.

Ideological and Social Factors

As in the case in Sweden, the anti-smoking position is widely accepted by most factions and there is little difference in attitude based on education, social standing or sex. Some resentment to the "big-brother" attitude of the authorities is noted however. The prohibitive cost of cigarettes in addition to the effect of the anti-smoking campaign, particularly regarding social unacceptability, have been the important factors in advancing this trend.

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Present Situation and Its Effect on Philip Morris' Activity

The present Tobacco Law was enacted by Parliament in March 1973, and came into force in July 1975. Among its provisions are :

- a total ban on advertising and promotions
- requirement of warning label
- prohibition of tobacco sales to youth

The advertising ban is so broad that it precludes even point-of-sale advertising and retailers may not even display tobacco products in their windows. Publication or printing of constituent content on packs is forbidden. Presumably, substitutes and additives come under the provisions of the Tobacco Law. No restrictions on smoking in public places are specified in the Tobacco Law although these are increasingly being introduced at the municipal level. After the first few years of the ban, total cigarette sales are stable as are sales of roll-your-own tobacco.

Because the Marlboro campaign was able to run for several years prior to the enforcement of the Tobacco Law, Marlboro is still growing. International promotions such as car racing have had a very positive impact, though it has become difficult to build up the image of other less established brands. In this context, Philip Morris' successful introduction of Merit in Norway has been attributed in part to the invitation of Norwegian journalists to Richmond which resulted in effective publicity despite the existing law.

Future Developments and Their Effect on Philip Morris' Activity

Further restrictions will be likely to occur in three main areas : Norwegian authorities are discussing the possibility of requiring "tar" and nicotine numbers to be printed on the packs : the emphasis of the anti-smoking forces on the social unacceptability issue may lead to legislation banning smoking in public areas ; the National Council on Smoking and Health has prepared a proposal to amend the existing law that would establish a similar warning label system as exists in Sweden with sixteen different texts. When the Parliament will take up the proposal for discussion is uncertain but new legislation is not expected to take effect until autumn 1980 at the earliest.

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The predicted future situation will affect Philip Morris in much the same way as present legislation. The establishment of constituent content specifics on the packs may create increased interest among the smoking public and the Norwegian authorities in brands containing lower "tar" and nicotine. Considering the high constituent content of existing Norwegian cigarettes, the association can be expected to work against such proposals. In addition, an on-going analysis will be necessary to determine possible "loopholes" which would still allow some promotional activities in the market. In light of the already heavy restrictive climate which exists and which is expected to become worse, Philip Morris will continue to influence Mr. Andresen, owner of the principal competitor, to take a more aggressive stand and to make available his numerous political contacts in order that they may be fully briefed on the uselessness and even negative consequences of the measures which have or may be imposed.

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NORWAY - ACTION PLAN

<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
1. <u>National Association</u>		
Position papers on various aspects of S & H controversy and specific legislative proposals have been and will be provided	On-going	OS/RMC/TLW
- Submission on Warning Labels	Spring 1979	OS/TLW
Meeting planned with association to distribute new background information and to propose action	Planning Stage	OS/RMC/TLW
- to combat social acceptability issue		
- to assist the smoker in defending himself		
- to participate in orientation program		
- to mobilize tobacco family, i.e. retailers and wholesalers		
- to take up the advertising issue and lobby to amend present law		
Association attended ICOSI Trade Association Meeting (Zurich)	May 1979	ICOSI
2. <u>Individual PM Action</u>		
Continued meetings with PM Agent (Mr.Løchen) to further influence him to persuade the association to take a more assertive stance and to advise him of current information	On-going	OS/RMC/TLW

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ACTIONTIMINGRESPONSIBILITY

Expansion of present legal/political activities

On-going

OS/Local Lawyer/PME-C.A.

Improved information sources and outlets

On-going

OS/PME-C.A./Local PR Agency

Improved national implementation of Corporate PR policy

On-going

OS/PME-C.A./
Local PR Agency

- Corporate Affairs Seminar held to brief local PR advisors with distribution of background materials

June 1978

PME-C.A.

- Seminar on effects of advertising to be held with advertising agencies/pertinent local management

September 1979

PME-C.A./Marketing

- Corporate Affairs Seminar to be held to further brief pertinent advisors/management

December 1979

PME-C.A.

- Regular distribution of aide-mémoires made to pertinent management

On-going

TLW/PME-PR

3. PM Employees

Top executives - S & H seminar held with full distribution of resource materials

February 1978

JMH/PI/TLW

Local management - area seminars to be held

1979

SG/OS/RMC/TLW/HGA

- Briefing on S & H with further distribution of resource materials

Agents sales force and staff presentation on S & H to be made

At First Opportunity

OS/TLW

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<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
<p>4 . <u>Tobacco Family (Retailers Only)</u></p> <p>Presentation on S & H with distribution of background materials, i.e. sales brochure, audio-visual presentations, etc.</p>	At First Opportunity	Association/ICOSI
<p>5. <u>Consumers</u></p> <p>Campaign to inform consumer through press articles, cinema/TV presentations, etc. on</p> <ul style="list-style-type: none"> - social accpetability - individual freedoms - smokers courtesy 	Development Stage	ICOSI/Association PME-C.A./Local Management

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UNITED KINGDOM - SMOKING AND HEALTH

Political Factors

The new Conservative Government is expected to take a more relaxed line than Labour did on smoking and health. In fact, government sponsored legislation is unlikely provided government can be seen to be making progress towards "safer" smoking in line with the present climate fostered by bodies such as ASH and the Hunter Committee. There will however be repeated attempts by certain "back-bench" MPs to introduce legislation via "private members bills", and in the unlikely event of a majority of MPs supporting such legislation, the government would probably not resist it.

The new government has filled relevant posts in the Department of Health & Social Security (DHSS) as follows:

Secretary of State - Patrick Jenkin
Minister of State - Dr. Gerard Vaughan
Parliamentary Under Secretary (Social Security) - Lynder Chalker
Parliamentary Under Secretary (Health) - Sir George Young

This group will have the responsibility to carry out party policy. Of the four, it is known that Sir George Young is very much in favour of legislation whilst Gerard Vaughan is against it.

Anti-Smoking Factors

The anti-smoking forces in the UK, be they independent or governmental, are extremely well organised and active. They have an unquestionable effect on governmental policy making and public opinion.

ASH (Action on Smoking and Health) is the sole independent anti-smoking force. This group was established by medical doctors who are members of the Royal College of Physicians which gives ASH substantial support. In addition, it receives a sizeable grant from the Department of Health and Social Security. The balance of its funding is taken up by donations and subscriptions.

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ASH has established itself as a significant and viable pressure group with

- a strong lobbying organisation - it is estimated that a minimum of one out of every six MPs is sympathetic to their cause and many MPs are actually members of ASH. Departmental ties are also close. An unofficial parliamentary committee has been formed to which ASH acts as a secretariat. Due to these contacts, there is a constant flow of questions in the House of Commons and regular consideration of private members bills on the subject of smoking.
- a strong medical voice. Due to the cross-membership with the RCP, ASH enjoys support from, and credibility with, the medical profession. Because of this professional support, Health Ministers view ASH favourably and tend to react positively to ASH initiatives. The anti-tobacco views of ASH are well reflected in the most recent RCP report, Smoking or Health.
- a strong press/media audience. It generates constant and consistent press/media coverage for its own activities and the anti-smoking position in general. For example, it has achieved considerable coverage on radio programs by persuading well-known interviewers (e.g. Jimmy Young) to take a strong anti-tobacco stand.
- a strong international impact. On a regular basis, ASH conducts conferences, generates numerous publications and often stimulates and assists in the management of anti-smoking campaigns conducted by other national organisations. Obvious close contact exists with international health organisations, particularly the WHO (World Health Organisation) and the UICC (Union Internationale Contre le Cancer) as well as the major US anti-smoking groups. Michael Daube, ASH's former director has become one of the most prominent figures on the international anti-smoking scene as was evidenced by his appearance as the summation speaker at the Fourth World Conference on Smoking & Health in Stockholm in June 1979. His successor, David Simpson, was formerly with Amnesty International and is expected to be an equally effective opponent.

Anti-smoking efforts on an official level are generated from the DHSS (Department of Health and Social Security) and its off-shoot, the HEC (Health Education Council). In addition, the Social Services and Employment Sub-Committee of the House of Commons Expenditure Committee has taken considerable interest and a strong anti-position on smoking and health in a report on preventive medicine. These official bodies serve either in an advisory or spokesman capacity for the government and as such have a significant effect on the formulation and/or statement of government policy on smoking and health. Thus, their position carries considerable weight with Parliament, the medical profession, the media and public as well as international health organisations.

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Industry Factors

Although the UK market continues to be dominated by three companies, the association or Tobacco Advisory Council (TAC) is less dominated by these companies than in the past. The TAC is now more united in its approach to all matters affecting the industry's well-being including smoking and health, taxation, advertising and public relations. It is through the TAC that the industry continues to deal with government and its agencies, including the Hunter Committee, the independent committee on smoking and health set up by the previous government.

Historically, the TAC has tended to play a cooperative rather than adversary role in its relations with government. However, following the unsuccessful introduction of tobacco substitutes on the UK market and the persistently aggressive line taken by government and the anti-smoking lobby, the TAC has of late adopted a much firmer stance. The newly formed International Committee on Smoking Issues (ICOSI) may play an important role in further unifying the UK industry and in stimulating more positive action by them.

Ideological and Social Factors

In the UK, the anti-smoking position has become widely accepted as the correct and proper posture to take, and for some time now anti-smoking propaganda has been willingly received by opinion leaders. The alleged link between smoking and various diseases is generally accepted without reservation, even by those who oppose anti-smoking legislation.

Opinion polls have indicated that a large percentage even of smokers would favour further restrictions on smoking in public places. The anti-smoking lobby's drive to make smoking socially unacceptable seems to be achieving a measure of success. It would however appear, that the higher socio-economic groups are more receptive to anti-smoking propaganda than are the average working classes, for whom the availability of their favourite brands, high taxation and price increases are of greater concern.

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Present Situation and Its Effect on Philip Morris' Activity

The present situation in the UK is not a new phenomenon but rather is one which has been developing for some time. A number of factors have caused the situation to be brought to a critical point including:

- the aggressive attitude of the previous Labour government
- the effectiveness of the anti-smoking forces on the government
- the historic passive, non-resistant attitude of the TAC, particularly of the three companies which have dominated this market
- the apparent growing success of the anti-smoking forces' attempt to make smoking "socially unacceptable"

In March 1977, a three-year voluntary agreement with the government took effect which imposed

- a voluntary "licensing system" relating to substitutes and additives in cigarettes (Hunter Committee guidelines)
- a stronger health warning on the packs and the inclusion of same in all advertising
- stricter marketing and advertising controls based on constituent ("tar") content.

In addition, revision of the ASA (Advertising Standards Authority) code of advertising practice and an agreement concerning sports sponsorship were negotiated with the previous government.

Restriction of smoking in public places is most evident in public transport and health facilities; smoking is permitted in cinemas and meeting rooms although many of these areas are divided into segregated areas. However, there is a general trend, advanced by the anti-smoking forces, to provide more non-smoking areas. In this context, the recent launch of the pro-smoking organisation, FOREST (Freedom Organisation for the Right to Enjoy Smoking Tobacco) may provide a positive counter-force and the TAC is supporting it in its initial stages in this hope.

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During 1977, substitutes and additives were allowed in cigarettes sold in the UK, provided they appeared on the Hunter List which is a list of items that have been in use for twenty years or more in other countries and for which there is evidence that they are not harmful. Additives not on this list may be used but have to be screened by the Hunter Committee for which users have to follow an application procedure. Applications must be supported by substantial research on the toxicological effects of these items. The use of these additives is covered by a voluntary agreement between the industry and the government, however the previous government was considering the exercise of statutory control over the situation by revising the Medicine Act to include the use of substitutes and additives under Section 105 of this Act. It is uncertain whether or not the new government will press for such action.

In the area of product liability, the long-awaited report of the Royal Commission on Civil Liability was published in 1978 which broadly favored a system of strict liability along the lines proposed by the Strasbourg Convention and raised a number of objections to the EEC draft proposals.

Furthermore, the previous government introduced a "health tax" or "tar" related surcharge for cigarettes containing over 20 mg. of "tar" which took effect as of September 4, 1978. This was regarded by the industry and the current Health Minister (then in opposition) as a direct breach of the three-year voluntary agreement. It is expected that the new government may let the "health tax" lapse as part of their negotiations on EEC tax harmonisation. Philip Morris is not directly affected by this tax as its brands do not fall into this "tar" group.

Future Developments and Their Effect on Philip Morris' Activity

The advent of a new government committed to less legislation and more freedom for the individual should mean that anti-smoking proposals will meet with more resistance than in the past. There is a greater likelihood that the current voluntary agreements will be extended, however the possibility that government may take a hard line in the forthcoming negotiations cannot be excluded. Certainly the anti-smoking lobby will not relax their pressure on government to act.

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Repeated formal recommendations to government have included:

- phasing out all tobacco sales promotion, including advertising and sponsorship with an ultimate advertising ban as in Norway and Finland;
- increasing general prices and excise taxes and the differential tax based on constituent levels;
- establishing a still stronger health warning;
- banning smoking in health facilities and imposing greater restrictions on smoking in public places;
- increasing anti-smoking educational efforts.

In terms of existing restrictions the new government is politically unable to undo what has already been established. However, the industry anticipates a more receptive approach by the new government to sponsorship. The DHSS's independent investigation into the effect of cigarette advertising on consumption has seemingly been dropped, although public admission of this is unlikely. One area of immediate concern to the industry is the work of the Hunter Committee, whose latest report includes recommendations to further reduce constituent levels of cigarettes, including carbon monoxide.

In general, it is expected that the industry may give in to further voluntary concessions particularly as regards advertising and promotions if truly faced with legislation. However, as before, any further restrictive measures (whether through legislation or by voluntary agreement) will severely inhibit Philip Morris' ability to achieve a substantial share of the UK market.

UNITED KINGDOM - ACTION PLAN

<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
1. <u>National Association</u>		
Continual coordination and approval of various TAC submissions to government on S & H and other related matters	On-going	RWAH/PMS/ICS TLW/MJM
Periodic meetings with TAC chairman to provide him with background information and PM point of view on S & H controversy	On-going	RWAH/PME-HQ
Proposal to TAC to become more active on social acceptability issue in line with ICOSI endeavors	Development Stage	TAC-PR Subcommittee/PMS RMC/TLW
Communication improved with allied trade associations and unions	On-going	TAC/RWAH/PMS AAN
Continued support and encouragement of more aggressive PR strategy on S & H by TAC	On-going	PMS/RWAH/RMC/TLW in conjunction with TAC-PR Subcommittee
TAC attended ICOSI Trade Association Meeting	May 1979	ICOSI

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<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
2. <u>Individual PM Action</u>		
Communication maintained and improved with political and government leaders with distribution of pertinent background information when possible	On-going	RWHA/Local Advisor/ TLW/AAN/ICS
Improved information sources and outlets (penetration of ASH, certain political and parliamentary circles, certain key media principals already accomplished)	On-going	RWHA/Local Advisor/ Local PR Agency/ PME-C.A.
Improved national implementation of Corporate PR policy	On-going	RWHA/PME-C.A. Local PR Agency
- Corporate Affairs Seminar held to brief local PR advisors with distribution of background materials	June 1978	PME-C.A.
- Seminar on effects of advertising to be held with advertising agencies/pertinent local management	September 1979	PME-C.A./Marketing
- Corporate Affairs Seminar to be held to further brief local PR advisors/pertinent local management	December 1979	PME-C.A.
- Regular distribution of aide-mémoires made to local management/advisors	On-going	TLW/PME-PR
Opinion survey of issues	Completed October 1978	PI/TLW/IHS

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<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
3. <u>PM Employees</u>		
Top executives - S & H seminar held with full distribution of resource materials	February 1978	JMH/PI/TLW
Local management - area seminars to be held - Briefing on S & H with further distribution of resource materials	1979	RMC/TLW/HGA
Presentation to local sales force	Spring 1978	RWAH
Local staff/sales force - presentations on S & H with limited distribution of resource materials	On-going	RWAH/Local Management
4. <u>Tobacco Family (Retailers, Wholesalers, Etc.)</u>		
Presentation to local participants at CEDT Conference with distribution of sales force brochure	May 1978	AEB/JMH/PI/RWAH
Further presentations and distribution of pertinent information, i.e. new audio-visual materials etc. to be made	At First Opportunity	TAC

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<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
5. <u>Consumers</u>		
Campaign to inform consumer through press articles, cinema/TV presentations etc. on	Development Stage	TAC-PR Subcommittee/PMS PME-C.A./ICOSI
<ul style="list-style-type: none"> - social acceptability - individual freedoms - smokers courtesy 		

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I R E L A N D - S M O K I N G A N D H E A L T H

Political Factors

Economic considerations, including government's commitment to a full employment programme and reduction in public sector expenditure, strongly effect the legislative climate in Ireland. This situation, as well as changing EEC policy will influence legislative activity in the future. Expenditure by the Welfare Departments of State, including Health, are expected to be severely restrained within the next couple of years. The Health Minister, Mr. Haughey is highly public relations oriented and has launched a public health programme in which further restrictions on the advertising and promotion of tobacco products have been prominently featured.

Anti-Smoking Factors

The Ministry for Health, along with the Irish Heart Foundation and the Irish Cancer Society, have been active in educational programmes and propaganda campaigns against smoking, especially on national television. In addition, there is strong spillover of anti-smoking publicity from the United Kingdom.

Industry Factors

The tobacco industry in Ireland is dominated by three companies: Carrolls (Rothmans), Imperial and Gallaher. In the past, ITMAC (the Irish Tobacco Manufacturer's Advertising Committee) has tended to follow a policy of cooperating with government on the health issue. However the recent determined drive by the Health Minister to legislate against smoking forced ITMAC to assume a more active role to counter such measures. Philip Morris and ICOSI were instrumental in providing ITMAC with advice and documentation so as to be more effective in their dealings with government on this issue.

Ideological, and Social Factors

Irish Smokers are universally aware of the health allegations against smoking. However, no dramatic shifts in smoking behavior have as yet been apparent in any particular socio-economic segment.

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Present Situation and Its Effect on Philip Morris' Activity

By decision of the national broadcasting authority, cigarette advertising on television and radio ceased on March 31, 1971 and December 31, 1975 respectively. All other cigarette advertising has been governed by a voluntary code of standards approved by the Health Ministry in 1964. Also by voluntary agreement between the industry and the Health Ministry, a health warning has been required on cigarette packs as well as in press and outdoor advertising since 1972. Coupon, voucher and give-away schemes have been eschewed by unofficial agreement. Constituent labelling on packs and publication of such information in advertising are optional and subject to a 1977 industry agreement.

Discussions beginning in December 1977 between the Health Minister and the Industry failed to arrive at a basis for further voluntary agreement. Concurrently, the industry itself adopted a more restrictive code of standards for the advertising and sales promotion of cigarettes (including withdrawal from cinema advertising), for sponsored and promotional events, and for warning labels.

Despite the industry's move, Mr. Haughey was successful in obtaining parliamentary approval for enabling legislation in November 1978 whereby the Health Minister was empowered to take measures against the marketing of tobacco products. Mr. Haughey's proposals in this regard, which included serious restrictions or bans on all forms of tobacco advertising, promotions and sponsorship as well as a strengthened health warning ("Smokers Die Younger") were leaked to the press in January 1979. These were met with immediate criticism due to their extreme social and economic implications. Ensuing deliberations at the Cabinet and Ministerial level with all effected industries have stalled the enactment of these measures. Although their future is still as yet uncertain, Mr. Haughey announced in early August 1979 that he would most likely have to allow foreign press with tobacco advertising and UK brands carrying the UK health warning to enter Ireland.

In view of the threatened imposition of these new restrictives measures as well as its relatively small sales volume in Ireland, Philip Morris has reduced its marketing activities and adopted a wait-and-see posture.

Further Developments and Their Effect on Philip Morris' Activity

Even the most positive resolution of the uncertain legislative situation in Ireland will severely impede Philip Morris' attempt to establish in this heavily dominated market.

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I R E L A N D - A C T I O N P L A N

<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
1. <u>National Association</u>		
Meeting with ITMAC for briefing on present situation with presentation and distribution of resource materials, i.e. film, sales brochure, position papers, etc.	June 1978	PI/RWAH/JS
ITMAC to further develop key government and allied business contacts for lobbying purposes (ITMAC purchased copy of S & H film in June 1978 for this purpose)	On-going	ITMAC/PME-C.A. RWAH/MJM
Meetings held with ITMAC and local lawyers on application of Irish law, especially warning labels	January 1979	DKH/MJM
ITMAC attended ICOSI Trade Association Meeting (Zurich)	May 1979	ICOSI

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<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
2. <u>Individual PM Action</u>		
Development and/or improvement of information sources and outlets	On-going	RWAH/UK Advisor PME-C.A./UK PR Agency
Further distribution of position papers and resource materials to key industry and media leaders	On-going	RWAH/RMC/TLW
3. <u>PM Employees</u>		
See UK action plan - UK management and staff responsible for Ireland to be included		RWAH/RMC/TLW/HGA
4. <u>Tobacco Family (Retailers, Wholesalers, Etc.)</u>		
Presentation to local sales force, retailers and wholesalers with distribution of pertinent information, i.e. sales force brochure, audio-visual materials, etc. (if not already covered in U.K. action plan) to be made	At First Opportunity	Association/ICOSI
5. <u>Consumers</u>		
Campaign to inform consumers through press articles, cinema/TV presentations, etc. on <ul style="list-style-type: none"> - social acceptability - individual freedoms - smokers courtesy 	Development Stage	Association/ICOSI

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GERMANY - SMOKING AND HEALTH

Political Factors

In June 1977, the government issued an official response to questions raised by members of the opposition party on the alleged harmful effects of cigarette smoking. This touched on such areas as protection of the nonsmoker ; reaction to the industry's new voluntary code and research council; intensification of health information; banning the manufacture of cigarettes above certain constituent levels and exclusion of all "tar" in cigarettes; increasing and/or differentiating tobacco excise taxes. In general, it can be said that in this carefully worded and weighted government response, no change in the present policy was indicated, although the government plans to continue to further study proposals concerning the state of scientific knowledge and marketing practice as well as the rights and needs of non-smokers. However, it is important to note that the government statement welcomed the recommendations of the Council of Europe regarding control of advertising, and supported the idea that the EEC should study the feasibility of differentiated tobacco excise taxes based on tobacco components as per the UK health tax proposal.

In line with this, the Liberal political speaker on health, Mr. K. Spitzmüller, indicated that a complete advertising ban on cigarettes could not be supported as existing advertising bans in Italy and in the Eastern block have failed to prevent any increase in cigarette consumption. Furthermore, he stated that legislation should be advanced only as far as is necessary to maintain personal freedom.

Mrs. Antje Huber, Socialist Party, succeeded Mrs. K. Focke as Health Minister. Her professional background has been in education and although she has taken a clear anti-smoker stance, her official position, like that of the government in general, has been to concentrate on educational campaigns and cessation programs. Also active in the Health Ministry are Professor Wolters, parliamentary Secretary of State, and his deputy, Professor Franke, a high ranking civil servant, who are thought to be the spearhead of anti-smoking efforts by the Health Ministry.

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Should there be a change in government, it is predicted a coalition of Christian Democrats (CDU) and Liberal Democrats (FDP) would emerge in power. Although the general climate toward smoking and health is unlikely to change, it is important to note that a number of CDU members in Parliament constantly raise questions concerning this issue. Due to Germany's position as a heavy contributor to the EEC, a certain reluctance toward fighting against possible EEC directives on smoking and health and/or on advertising restrictions can also be noted as these are considered low priority.

Anti-Smoking Factors

The anti-smoking activities of the Health Minister reflect the close cooperation which exists between herself and her counterparts, not only in the EEC member states, but also in other countries as well as in international anti-smoking organisations, the medical profession and the media. Additional efforts to oppose smoking are being made by other numerous official and independent groups as follows :

- Federal Advisory Council on Health Matters (including smoking and health) is an organ of the Federal Health Ministry located in Bonn, and consisting of approximately 25 MDs and health educators.
- As a result of a "small question" raised by CDU members in Parliament, the Ad Hoc Committee for the Protection of Nonsmokers was established in early 1977 by the Health Minister to make proposals in regard to the public smoking issue.
- Federal Insurance Institution for salaried employees works closely with the Health Ministry in Bonn.
- Professor F. Schmidt Medical Study Group on Smoking and Health in Mannheim is considered to be the most vocal and important anti-smoking zealot in Germany.
- German Association for Maintenance of Health based in Hamburg is a regional group run by the Society of Seventh Day Adventists with a background of missionary work.
- Club of Active Nonsmokers (CAN) has become more active, establishing regional offices in Hannover, Konstanz, Munich, Stuttgart and Ulm. As a result of their efforts a "non-smoking day" was declared in May 1979 during which the group disseminated anti-smoking information and received wide press coverage.

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- Physicians' Study Group on Smoking and Health (Aerztlicher Arbeitskreis Rauchen und Gesundheit e.V.) is an organization which strives, among other things, to make the smoker a social outcast. This group has been particularly critical of the Health Ministry's "lax attitude" towards smoking.
- Organization for Consumer Protection is a non-profit organization located in Bonn and though it is not directly engaged in the smoking and health controversy, it makes use of anti-smoking arguments to support a total ban on cigarette and tobacco advertising. It is subsidized by government funds, in particular by the Ministries of Family and Health, Economics and Agriculture (the precise amounts of these funds are defined and stated in the Official Budget).
- Federal insurance companies conduct information campaigns to promote healthy living thereby reducing medical costs. Greater emphasis is placed on smoking and health than on other themes.
- Several small circles and informal clubs operating on a community level, the impact of which is not significant.
- The Pharmaceutical Industry as well as private and national insurance are increasingly supplying health warnings not only in the press but by commercial advertising as well.

For the time being, no concerted efforts by the above mentioned anti-smoking groups can be foreseen. One reason for this is that government does not spend any money on these organizations except the organization for consumer protection. The government presently concentrates its smoking and health expenditures on educational programs via "Bundeszentrale für gesundheitliche Aufklärung", a federal centre for health information in Köln. These programs not only inform the public about the alleged risks of excessive smoking but include smoking cessation instructions as well.

Industry Factors

It has long been the policy of the German tobacco industry to cooperate on all smoking and health issues through the Association, Verband der Cigarettenindustrie, as any action taken outside of the Verband by a single company is considered to be detrimental. However, the Verband has been especially active in this area since the closure of its research facilities two years ago due to the biased and negative attitude of the researchers. In the meantime, the Council of Research has been created involving independent, well-known scientists working impartially in outside facilities.

As a result of numerous meetings in the past three years between Philip Morris and the Verband, as well as with single member companies, the industry has been persuaded to become more active on the smoking and health issue. A special department dealing with this issue alone has been created.

In addition to the above, general smoking and health activities since early 1976 have included :

- press work
- lobbying federal and state governments
- involvement in scientific research in medical and juridical smoking and health questions
- defending smoking and smokers against social unacceptability
- efforts to make nonsmokers and smokers more tolerant towards each other
- organization and sponsorship of symposia on smoking and health, and social acceptability.

The Verband tries to maintain a good relationship with federal and state legislative and administrative bodies concerned with smoking and health questions. A policy of flexible response, continuous flow of information and creation of goodwill has been adopted in order to promote a positive negotiating climate and a necessary tolerance by government.

Ideological and Social Factors

Smoking and health has become a popular issue in Germany largely because of the German press and media which are among the most active in presenting anti-smoking information in Europe. Although the allegations against smoking are generally accepted, anti-smoking propaganda is only well received by anti-smoking fanatics and the better educated and not by the average smoker in the street. In fact, a certain resistance to regulation and, in particular to new tax increases is demonstrated by a larger market share for "roll your own" cigarettes. In the political sphere, a division along the party lines is noted. While a number of politicians and MDs smoke, only those of the Social Democrats and Liberals smoke publicly whereas Christian Democratic Union members generally do not.

Present Situation and Its Effect on Philip Morris' Activity

Quantitative and qualitative restrictions on advertising exist in Germany as a result of a voluntary agreement which is renegotiated approximately every six months within the industry. No warning label is required as yet on either the pack or in advertising. On the other hand, "tar" nicotine and other component specifics appear on the packs and in all advertising and publications. Restrictions on smoking in public places are presently limited to public transportation and the like. No formal marketing / licensing system now exists in Germany, but the industry has unofficially regulated itself by emphasizing its marketing and manufacturing efforts on "light" cigarettes in response to pressure by government.

Nevertheless, under the new Food Law, the Government has the unlimited authority to legislate if necessary "to protect the consumer". There has been little or no effect on Philip Morris' marketing activities for established leading brands such as Marlboro. However, the rules of the voluntary advertising code have made it difficult to successfully introduce new brands in the "light" segment of the market although it was recently determined that this segment may have been overestimated. Philip Morris's strategy is being adjusted in view of this new trend.

Future Developments and Their Effect on Philip Morris' Activity

Two major factors will have a significant impact on the situation in Germany and particularly on the future attitude of government : the efforts and activities of the international anti-smoking forces and the industry's behaviour in the market place. In connection with this, a number of developments can be anticipated.

The existing voluntary advertising code will be rediscussed. There is also a good chance that there will be further governmental action primarily against advertising based on existing law. A required warning label is also expected in the future as a spill-over effect from other countries. Excise taxes will increase during the planning period resulting in consumer prices reaching the higher end of the price scale within Europe. The social "unacceptability" of smoking may become a more important issue in Germany.

Positive developments anticipated are that :

- the German industry, through the Verband, will increase its efforts and activities considerably to combat the anti-smoking forces. The planning and realisation stages are quite advanced.
- there are indications that smokers and certain media are tiring of the anti-smoking "evangelism".

Although the German Government has taken a relatively moderate approach to smoking and health as compared to other countries (e.g. U.K.) and it seems unlikely that it will instigate extreme legislation in the near future, the situation may well change, particularly as the spill-over effect of anti-smoking activities and legislation in other countries becomes more significant. Philip Morris must therefore take full advantage of the wide range of marketing activities that are still permitted while also preparing to deal with increased future restrictions.

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WEST GEMANY - ACTION PLAN

<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
1. <u>National Association</u>		
Communication maintained and improved with local government, political and business leaders by the Verband with submission of pertinent materials, e.g. position papers, fact sheets, etc. as appropriate	On-going	PM-GMBH/PME-C.A.
Verband Special Committee on S & H/PR	Existing since 1975	PM GMBH Representatives - (ultimately to be handled by KWH for legal reasons)
- Publication of special magazine for MDs	On-going	
- Publication of special information service for medical journalists and public opinion leaders	On-going	
- Re-evaluation of customers' magazine 'smokers review' by means of opinion survey as basis for decision-making on whether to continue the publication or not	Planned	
- Intensified service for letters to the editors	On-going	
- Publication of documentation about premature deaths caused by smoking	Planned	
- Production and distribution of 'cigarette song'	On-going	
- Production of film on worldwide economic importance of tobacco for cinemas/tv (including English version) for distribution nationwide	Established On-going	

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<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
- Round-table talk with press on cigarette advertising	Planned	
- Special media service to provide information on S & H controversy, photos of well known smoking personalities, cartoons etc.	On-going	
- Cooperation with CMA on special tobacco information brochure	Established	
- Collaboration with PM on adaption of PM-audio-visual/S & H in German	Film Completed August 1979	
- Revision of 1979/80 action plan		

2. Individual PM Action

Continual cooperation with and stimulation of Verband activities	On-going	PM GMBH/PME-C.A.
- Proposals to become more active in social acceptability issue and possible participation in orientation program planned	Development Stage	PME-C.A./PM GMBH
- S & H film, slide presentation, Executive Report, sales force brochure translated into German for Verband and/or PM GMBH use	On-going	TLW
Improved information sources and outlets	On-going	PM GMBH/PME-C.A. Local PR Agency

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<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
Improved national implementation of Corporate PR policy	On-going	PM GMBH/PME-C.A. Local PR Agency
- Corporate Affairs Seminar held to brief PR advisors with distribution of background materials	June 1978	PME-C.A.
- Seminar on effects of advertising to be held with advertising agencies/ pertinent local management	September 1979	PME-C.A./Marketing
- Corporate Affairs Seminar to be held to further brief local PR advisors/pertinent local management	December 1979	PME-C.A.
- Regular distribution of aide-mémoires made to local management/advisors	On-going	TLW/PME-PR
Opinion survey of issues	Completed October 1978	PI/TLW/IHS
3: <u>PM Employees</u>		
Top executives - S & H seminar held with full distribution of resource materials	February 1978	JMH/PI/TLW
Local management - area seminars to be held	1979	SG/RMC/TLW/HGA
- Briefing on S & H with further distribution of resource materials		
Local staff/sales representatives - S & H presentation with limited distribution of resource materials	At First Opportunity	PM GMBH

<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
4. <u>Tobacco Family (Retailers, Wholesalers, etc.)</u>		
See Association activities above	On-going	
Presentations are being made with distribution of background information, i.e. sales force brochure, audio visual materials, etc.	Autumn 1979	Verband/PM GMBH/ICOSI
5. <u>Consumers</u>		
Campaign to inform consumers through press articles, cinema/TV presentations, etc. on <ul style="list-style-type: none"> - social acceptability - individual freedoms - smokers courtesy 	Development Stage	Verband PR Committee/ ICOSI
Also see Association PR activity above	On-going	Verband/PM GMBH

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A U S T R I A - S M O K I N G A N D H E A L T H

Political Factors

Neither the government nor the parliament have shown a special interest in the smoking and health issue. The Minister of Health, Dr. Ingrid Leodolter has tried to promote anti-smoking legislation without success because she appears to be a weak politician and her policies are in conflict with those of the Minister of Finance, Mr. H. Androsch, who is also in charge of the Austrian tobacco monopoly. Also, since legislation is impossible without a change in the Constitution, no change in the legislative climate against smoking is forecast.

Anti-Smoking Factors

Two principal groups are involved in anti-smoking activities in Austria :

- Institute of Hygiene of the Vienna University ; Prof. Dr. H. Flamm, Dr. M. Kunze and Dr. M.J. Kunze of this Institute prepared a report entitled "Smoking and Health in Austria" in 1974 at the request of the Austrian Health Minister, Dr. Leodolter.
- Kreis Schöneborn Institution, Innsbruck ; the Schöneborn organizes non-smokers events and answers media inquiries regarding smoking and health.

In the early 1970's, the medical association was also involved in activities against smoking. However, the Austrian tobacco monopoly is in close contact with all of these groups and has been able to reduce the impact. There is little coordination between the anti-smoking forces in Austria and those on the international level with the exception of Prof. F. Schmidt, the German anti-smoking zealot. In general, there is considerable spill-over of anti-smoking information from Germany.

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Industry Factors

The Austrian tobacco monopoly, Austria Tabakwerke AG (ATWAG), is quite well organized to combat the smoking and health issue. ATWAG has good access to all of the media, prominent scientists and MDs and members of government and parliament. Philip Morris has actively supplied ATWAG with all available information in support of its efforts on the smoking and health question.

Ideological and Social Factors

In general, the Austrian populace is aware of the claimed harmfulness of smoking. Nevertheless, the Austrians are individualists and are equally concerned with maintaining and enjoying their pleasures in life, one of which is smoking.

Present Situation and Its Effect on Philip Morris' Activity

All tobacco products are manufactured, imported and distributed through the Austrian tobacco monopoly and only ATWAG is allowed to advertise these products. However, advertising for imported brands is not allowed.

In the 1974 report on smoking and health in Austria issued by the Health Minister, Dr. Leodolter, the usual recommendations against smoking were included : advertising restrictions, health education in schools, "protection" of non-smokers, tax increases, etc. The publication of the 1974 report resulted in :

- a voluntary advertising code by ATWAG renouncing the use of broadcast media advertising (considered to be too expensive anyway)
- an agreement in 1976 between the Ministry of Finance and the Ministry of Health to print cigarette constituent levels on the packs
- the pushing of manufacturing and sales of lower "tar" and nicotine cigarettes.

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In addition, no advertising of foreign cigarettes is permitted. Local brands must follow the German advertising code.

Recently, public smoking has emerged as a significant issue although to date no official restrictions have ensued.

Since Philip Morris depends entirely on ATWAG for its marketing and sales activities, growth in this market depends mainly on good personal relations between Philip Morris and ATWAG executives.

Future Developments and Their Effect on Philip Morris' Activity

No major change in the present situation in Austria can be anticipated. However, any increased spill-over effect from other countries concerning the health question might force the Austrian Government to reconsider its position. Because of the good relationship which exists between Philip Morris and ATWAG and the importance of tourism, Philip Morris' leading brands, especially Marlboro, should continue to grow in this market.

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A U S T R I A - A C T I O N P L A N

<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
1. <u>National Association</u> Non-existent		
2. <u>Individual PM Action</u> Close contact maintained with Monopoly which has good contacts with key political and business leaders.	On-going	PME-C.A./PM GMBH German Verband
Provision and translation of pertinent papers, facts sheets and other resource materials including audio visual presentations for use by Monopoly in their lobbying and PR activities.	On-going	German Verband/ PME-C.A./PM GMBH
Improved information sources and outlets	On-going	PME-C.A./Local PR Agency/ PM GMBH
Improved national implementation of corporate PR policy	On-going	PM GMBH/PME-C.A. Local PR Agency
- Corporate Affairs Seminar held to brief PR advisors with distribution of background materials	June 1978	PME-C.A.
- Seminar on effects of advertising to be held with advertising agencies/pertinent PM GMBH management	September 1979	PME-C.A./Marketing

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Source: <https://www.industrydocuments.ucsf.edu/docs/yfhl0000>

<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
<ul style="list-style-type: none"> - Corporate Affairs Seminar to be held to further brief local PR advisors/pertinent PM GMBH management - Regular distribution of aide-mémoires made to local advisors and management responsible for this market 	<p>December 1979</p> <p>On-going</p>	<p>PME-C.A.</p> <p>TLW/PME-PR</p>
3. <u>PM Employees</u>		
Top executives - S B H seminar held with full distribution of resource materials	February 1978	JMH/PI/TLW
Management to be included in other area in-depth briefing on S & H with further distribution of resource materials	At First Opportunity	PME-C.A.
4. <u>Tobacco Family (Distributors, Retailers, etc.)</u>		
Presentations planned on S & H with use of audio-visual materials etc.	At First Opportunity	ATWAG (Monopoly)/ German Verband
5. <u>Consumers</u>		
Campaign to inform consumers through press articles, publicity stunts and other PR activities	On-going To Be Further Developed	ATWAG (Monopoly)/ German Verband

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AREA II

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SWITZERLAND - SMOKING AND HEALTH

Political Factors

The Swiss government is considered to have a conservative attitude towards legislation against such things as advertising and a strong preference for maintaining democratic personal freedom is noted. Within the authority of the Minister of the Interior, Mr. Hürlimann, is the Service Fédéral de la Santé Publique directed by Mr. Frei which has the responsibility for public health matters coming under the Food Law including the control of tobacco products. The legislative attitudes of both Mr. Hürlimann and Mr. Frei are considered to be similar to that of the government in general. No significant change is expected in the political attitude of the Swiss government in the near future.

One must note, however, that in March 1979 the Federal Council accepted a postulate of Mr. Schär, member of Parliament, asking for a reinforcement of the prescriptions of Art. 420 of the Food Law. This may lead to new advertising restrictions, quantitative and/or qualitative, the Federal Council having already acted accordingly with regard to the new alcohol law, especially concerning distilled drinks.

Anti-Smoking Factors

In the past, health information concerning tobacco use has been handled by the Swiss League Against Cancer. Recently, however, a number of independent associations have grouped together forming the Swiss Association of Non-Smokers. The chairman of this organization, Dr. Abelin, is a well-known anti-smoking zealot and is also the Director of the Swiss Service of Preventive Medicine, an arm of the Service Fédéral de la Santé Publique. Consequently, this organization, through Dr. Abelin, has contact with the government though his extremist views are not widely accepted. The group has received considerable attention in the media and appears to be well supported by the medical profession.

It is important to note that, although the regional associations have only recently organized themselves in a concerted way, the World Health Organization (WHO) and the International Union Against Cancer (UICC) are located in Geneva and have well established programs against smoking.

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Although the Swiss population rejected with a majority of 60 against 40 % the advertising ban for tobacco and alcohol products which the Swiss branch of the International Temperance Society proposed to introduce into the Swiss Constitution, the pro and con discussions before the vote enhanced the smoking and health controversy. In fact, the originators of the initiative, the ITS, were practically absent of all public discussions (Radio, TV) and replaced by members of the Association of Non-Smokers and the Anti-Alcoholic League, attacking the consumption of those products and not the advertising itself. The committee against the initiative successfully brought back the debate to the subject of the vote and their view was followed by a surprisingly large majority of the people. Nevertheless, the controversy might have had some negative effects on tobacco consumption.

One other reason for the rejection of the proposed advertising ban was probably the reaction to the Swiss government's publication months in advance of the vote several amendments of the Food Law with respect with tobacco products:

1. Printing of "Tar" and Nicotine data on the packs
2. Introduction of a warning label in 1980
3. Prohibition of use of the terms "Light" and "Mild" other than in relation to "taste" or "aroma" in advertising.
4. Restriction of advertising towards youngsters. In fact, the new Food Law takes into its own account several of the self-regulatory rules of the ASFC.

These four points are visible proof for the consumer that the government is acting.

Industry Factors

The ASFC (Association Suisse des Fabricants de Cigarettes) has not found in the past a common ground on smoking and health and has so far remained silent on this issue. The vote on the proposed advertising ban made it clear that this silence cannot be maintained in the future without harm for the industry and discussions of possible action by the ASFC is underway.

Ideological and Social Factors

Anti-smoking has become a popular stance with a large section of the Swiss population, evolving as such over the past fifteen years. However, this posture is not characteristic of any particular segment of the Swiss population

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but rather is thought to be an outcome of increasing health consciousness. Government officials and opinion leaders are not especially anti-tobacco but certainly the medical profession has become so and the media readily present their seemingly authoritative views. Individual personal freedoms are a strong concern of the Swiss people and this fact has influenced the Swiss attitude towards smoking.

Present Situation and Philip Morris' Activity in the Future

Cigarette advertising in the broadcast media is prohibited on a federal level. A few communes have also banned poster advertising and others have placed certain regulations on such advertising.

In order to avoid governmental regulations, the ASFC created its own voluntary code of conduct under which the Swiss cigarette manufacturers self-regulate their advertising so as not to appeal to youth, to make health claims, to use well-known personalities or to feature sports and to set space regulations for print media, among other things.

Restriction of smoking in public places falls under cantonal and communal authority and this varies from region to region. Several initiatives have been lodged in the past without success and after the rejection of the ITS initiative to restrict consumption in public places, the authorities claimed these "sympathetic manifestations" to be inapplicable in practice.

Philip Morris (and the total industry) continues therefore to enjoy greater freedom in marketing and promotional activities than exists in other countries.

Future Developments and Effect on PM Activity

During the plan period, the following anti-smoking actions may arise:

- Intensified activity by the anti-tobacco associations based on the 1980 World Health Organisation platform. Those groups will probably take advantage of this positive context in order to incite the Authorities to take new restrictive measures against the Industry.
- Following the above mentioned pressures, new restrictions within the Food Law are expected.
- Certain cantons and communes could simply decide to prohibit outdoor cigarette advertising on their public ground. This measure would not affect posters situated on private sites, but would have a negative general effect on the impact of cigarette postering.

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On the other hand, the Industry through the members of the ASFC, will act as follows in order to protect its future interests:

- Definition of a common Smoking & Health policy enabling the Industry to discuss in public on this subject.
- Move the Smoking & Health debate to a general discussion on the subject of individual liberty and the role of advertising in the economy.
- Reinforcement of several auto-restrictive measures by a change of the Code and Convention, in order to avoid further criticism regarding the influence of cigarette advertising on youngsters.

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SWITZERLAND - ACTION PLAN

<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
1. <u>National Association</u>		
Periodic meetings with ASFC president to provide him with background information	On-going	AGi/PME-HQ
Proposal to ASFC to create separate department in order to become more active on S & H front particularly in the areas of <ul style="list-style-type: none">- social acceptability/public smoking- advertising- S & H in general	On-going	AGi/PME-HQ
Proposal to ASFC to encourage advertising industry to establish reinforced rules on advertising and promotion	Development Stage	AGi
ASFC attended ICOSI Trade Association Meeting (Zurich)	May 1979	PM/ICOSI
2. <u>Individual PM Action</u>		
Explore possible changes in PM S & H policy in order to arrive at modified S & H position more or less in line with BAT-Suisse proposal	On-going	PME-HQ/AGi

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<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
Encourage advertising industry to launch a pan-European campaign to educate consumers on the role of advertising in general and cigarette advertising specifically	Planning Stage	AGi/PME-CA
Improved information sources and outlets	On-going	FTR/PME-C.A./ Local PR Agency
Improved national implementation of Corporate PR policy	On-going	AGi/PME-C.A./ Local PR Agency
<ul style="list-style-type: none"> - Corporate Affairs Seminar held to brief local PR advisors with distribution of background materials 	June 1978	PME-C.A.
<ul style="list-style-type: none"> - Seminar on effects of advertising to be held with advertising agencies/pertinent local management 	September 1979	PME-C.A./Marketing
<ul style="list-style-type: none"> - Corporate affairs Seminar to be held to further brief local PR advisors/ pertinent local management 	December 1979	PME-C.A.
<ul style="list-style-type: none"> - Regular distribution of aide-mémoires made to local management/advisors 	On-going	TLW/PME-PR
Opinion survey of issues	Completed October 1978	PI/TLW/IHS

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<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
3. <u>PM Employees</u>		
Top Executives - S & H seminar held with full distribution of resource materials	February 1978	JMH/PI/TLW
Forums held to inform Swiss employees of important aspects of the referendum on advertising - distribution of reference materials made	February 1979	FTR/PME-HQ
Local management - area seminars to be held - Briefing on S & H with distribution of resource materials	1979	AGi/RMC/TLW/HGA
Local staff/sales forces/FTR factory - S & H presentation with limited distribution of background materials to be made	At First Opportunity	Local Management/TLW
4. <u>Tobacco Family (Retailers, Wholesalers, Etc.)</u>		
Presentations on S & H with distribution of background information, i.e. sales brochure, audio-visual materials, etc. to be made	Development Stage	ASFC Special Department AGi/ICOSI

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<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
5. <u>Consumers</u>		
Campaign to inform consumers through press articles, broadcast presentations, etc. on	Development Stage	ASFC Special Department AGi/ICOSI
<ul style="list-style-type: none"> - social acceptability - individual freedoms - smokers courtesy 		
See also PM activities above regarding advertising		

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AREA III

FRANCE - SMOKING AND HEALTH

Political Factors

The French government's effectiveness is to a large extent measured by its ability to pass reform legislation. As a consequence there is no hesitancy towards taking statutory action. The Tobacco law which was passed in 1976 reflected this need to legislate in the public good. Little, if any, consideration was given to a voluntary agreement proposed by the industry at about the same time. A new Minister of Health, Mr. Jacques Barrot, was appointed on July 5, 1979 after former Minister Simone Veil resigned from the French government and went on to become President of the European Parliament. Ms. Veil's assistant in charge of government anti-smoking activities (Ms. Ezratty) has also left.

The Ministry itself has changed as well; formerly called the Ministry of Health and Family, it has become the Ministry of Health and Social Security with separate Secretaries of State in charge of Social Security (Mr. Jean Farge) and Family Affairs (Ms. Monique Pelletier) both of whom are responsible to Mr. Barrot as Minister.

Mr. Barrat is considered to be as much as a Giscardian as Ms. Veil was and during his former ministerial appointments, he has shown character and dynamism. While Ms. Veil was the exact type of personality to promulgate anti-tobacco legislation, Mr. Barrot is the type to more efficiently implement such laws.

Anti-Smoking Factors

Although newly reorganised, the Health Ministry is likely to still figure prominently in anti-smoking campaigns in France. Communication with and support by the medical profession has been and will continue to be very good. Likewise, previous contact with the media and international health organisations was well established and this will undoubtedly continue.

Also active in smoking and health activities, is an independent consumer protection organisation, Institut National de la Consommation. This group mainly contests abusive advertising, preferring informative to promotional advertising. The health aspects of the smoking controversy are considered to be a minor issue. Credibility appears to be a major problem for this organisation both in terms of the public and the media. Two house publications, "50 million Consumers" and "What to Choose" are used to disseminate information, occasionally citing such international organisations as WHO.

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Industry Factors

Philip Morris is represented in France through the AFCC (Association de Fournisseurs de Cigarettes) which is an association of multinational and small EEC cigarette manufacturers. SEITA, the French monopoly controlling some 83% of the market, is not a member of this association. Historically, the AFCC has not taken a hard line on the smoking and health issue. However, after the experience of trying to lobby against the 1976 Law, AFCC members have tried to widen the association to involve SEITA to the extent possible and have appointed a new Association President, thereby hoping to create a more representative and effective industry organisation to deal with such issues. A wider association has been very difficult to form because of SEITA's new General Manager's personal commitment vis-à-vis the Ministry of Health.

Ideological and Social Factors

Awareness of the smoking and health issue has grown in France primarily due to the legal obligation to print constituent numbers on cigarette packs. Consequently, the growth of the LTN segment will be faster in the next five years than previously expected. However, protection of personal freedom and pleasure is still vital among French people. For politicians and opinion leaders, the smoking and health question is still only raised when it appears politically advantageous and beneficial.

Present Situation and Its Effect on Philip Morris' Activity

In July 1976, a Law governing tobacco advertising and smoking in public places was enacted for application as of July 1977 and generally provided for :

- A complete ban on all forms of tobacco advertising with the exception of press and point of sale advertising and certain promotions.
- Restrictions on tobacco advertising in the press.
- A warning label "Abus Dangereux" printed on packs since 1978.
- The printing of "tar" and nicotine numbers on the packs since 1978. Testing and reporting are specified. Integral composition is to be printed on packs as of December 1, 1979, (i.e. % tobacco, % paper, % additives).
- Stringent restrictions on smoking in public places; additional restrictions on smoking in public transportation took effect on October 1, 1978.

The Law is considered to be more anti-advertising in general than an anti-tobacco measure. The government's lack of specification and enforcement to date has demonstrated its greater need to have something on the statute books than to curb tobacco consumption.

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Until a more effective industry association can be firmly established, PM France will not have a truly effective means to lobby against further restrictions by government. Under the 1976 Law, already established brands have tended to maintain their market share and therefore the future of Marlboro is secure. However, it is extremely difficult to enhance the position of lesser known brands or to launch new brands successfully without the possibility of adequate promotion.

Future Developments and Their Effect on Philip Morris' Activity

It is difficult to predict what future developments may occur but it appears certain that with a change in government, the acceleration of the anti-smoking campaigns and possible directives coming from the EEC, more stringent enforcement of the existing Law and possible further restrictions may develop. Of particular importance in this regard is France's strong political position and impact in the EEC.

Stricter enforcement of the Law and further restrictions will undoubtedly have an impact on Philip Morris' marketing activities. The degree of growth could certainly be affected, the extent of which will depend on Philip Morris' activity to marshal support within the total industry to combat other restrictive measures and to operate within existing regulations.

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FRANCE - ACTION PLAN

<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
1. <u>National Association</u>		
Position papers on various aspects of S & H controversy are provided to AFCC	On-going	MH/TLW
Briefing of AFCC president in Lausanne	March 1979	AGB/PME-C.A./HGA
Information fed to AFCC-PR agent	On-going	MH/TLW
Meeting with representative of SEITA planned to ascertain if SEITA's attitude has changed toward cooperating with AFCC	At First Opportunity	MH/RMC/ICOSI
Proposal to AFCC to become active on social acceptability issue	At First Opportunity	MH/RMC/ICOSI
Translation, presentation and distribution of resource materials, i.e. films, brochures etc. to be made	On-going	MH/TLW/ICOSI
AFCC representative attended ICOSI Trade Association Meeting (Zurich)	May 1979	ICOSI

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<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
2. <u>Individual PM Action</u>		
Communication maintained and improved with government Deputies, Minister of Finance, et.al. first contacted in 1976	On-going	MH/Local PR Agency
Improved information sources and outlets	On-going	MH/PME-C.A./Local PR Agency
Improved national implementation of Corporate PR policy	On-going	MH/PME-C.A./Local PR Agency
- Corporate Affairs seminar held to brief local PR advisors with distribution of background materials	June 1978	PME-C.A.
- Seminar on effects of advertising to be held with advertising agencies/pertinent local management	September 1979	PME-C.A./Marketing
- Corporate Affairs seminar to be held to further brief local PR advisors/pertinent local management	December 1979	PME-C.A.
- Regular distribution of aide-mémoires made to local management/advisors	On-going	TLW/PME-PR
Opinion survey of issues	Completed October 1978	PI/TLW/IHS

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<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
3. <u>PM Employees</u>		
Top executives - S & H seminar held with full distribution of resource materials	February 1978	JMH/PI/TLW
Local management - area seminars to be held - Briefing on S & H with further distribution of resource materials	1979	MH/RMC/TLW/HGA
Local staff/sales forces - S & H presentation with limited distribution of resource materials to be made	At First Opportunity	Local Management/TLW
4. <u>Tobacco Family (Retailers, Wholesalers, Growers, Etc.)</u>		
Slide presentation made on S & H controversy. This will be up-graded for future use in France and other French speaking countries.	Early 1978 August 1979	MH TLW/MH
Other presentations planned with distribution of background materials, i.e. sales force brochure, new audio-visual materials, etc.	At First Opportunity	MH/RMC/TLW AFCC/ICOSI
5. <u>Consumers</u>		
Campaign to inform consumer through press articles, cinema/TV presentations, etc. on - social acceptability - individual freedoms - smokers courtesy	Development Stage	AFCC/ICOSI MH/Local PR Agency /PME-C.A.

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I T A L Y - S M O K I N G A N D H E A L T H

Political Factors

Following a six-month political crisis in Italy which led to general elections on June 3, 1979, a new government was formed in early August 1979 under former Minister of the Interior Francesco Cossiga, who had resigned his post after the Moro affair in 1978.

The newly appointed Health Minister, Renato Altissimo, is a 34 year old Liberal. He graduated in political science after studying in America and before entering politics, ran the family business, was President of The Young Italian Industrialists Association and Vice-President of the Confindustria. Initially a Turin City Counsellor at the age of 24 Mr. Altissimo was first elected a Liberal parliamentary deputy in 1976. His views on the health question are not yet known.

Anti-Smoking Factors

The Health Ministry has represented the strongest anti-smoking force in Italy. Among independent anti-smoking groups, the Italian League Against Cancer remains the most important. The anti-smoking groups, along with other health and government officials and education leaders, have mounted what is becoming a massive, although uncoordinated, campaign against smoking. These efforts have significant influence on and support from the Italian press.

Industry Factors

The Italian tobacco industry is divided into two distinct groups: Monital, the State Monopoly, and foreign importers which rely on Monital for distribution purposes. Philip Morris holds a dominant position among the foreign importers which are not organised into any form of association. Monital is controlled by the Finance Ministry and therefore adopts an attitude not to block or question government decisions.

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Ideological and Social Factors

It is widely accepted among the Italian populace that smoking is "harmful" and it is considered a social illness. This is evidenced by an increasing aggressiveness by non-smokers towards smokers, a trend towards "social criminalisation" of smokers, and increasing sales of lower constituent brands. The two most extreme age groupings of the Italian populace appear to be the least affected by the health issue, whereas the 30-45 age group is most susceptible to anti-smoking propaganda and health allegations.

Present Situation and Its Effect on Philip Morris Activity

The 1962 Law banning all advertising and promotions for tobacco products is presently in effect; however, enforcement has been very lax and international media, which are not restricted, are used particularly by foreign importers. Also in effect is a law, passed in 1975, forbidding smoking in public places as well as additional regulations brought out in 1976 specifying ventilation criteria. This law has met with general acceptance and observance by the Italian populace.

A new law initiative was launched in late 1977 to replace and strengthen the 1962 legislation. During 1978 this initiative formally became a project-of-law and was joined by two other less stringent proposals, one of which was the result of carefully planned PM lobbying. Before the fall of the Andreotti government, the "PM bill" was considered the most likely to be passed by Parliament; with the general elections in June 1979, all three bills were cancelled from the parliamentary agenda and will now have to be re-proposed and re-considered.

Present industry regulations permit voluntary printing of either a phrase designating the product as "low" in constituent delivery or the printing of "tar" and nicotine content on the packs; in the latter case, brands are controlled by analyses in the Monital laboratories before being released through the Monital-controlled distribution network for sale. These regulations came into force early in 1978 due to incorrect statements made by certain foreign importers. Philip Morris is the only importer allowed to print constituent content on packs, while Monital has only one brand with such information.

Philip Morris has re-activated its lobbying campaign to counteract any possible moves by the anti-smoking lobby in an attempt to permit limited and controlled advertising for tobacco products in Italy.

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Future Developments and Their Effect on Philip Morris' Activity

Legislation will be passed in Italy requiring a health warning on cigarette packs. It may be possible to delay obligatory printing of constituent content on packs due to the non-competitive position of many Monital brands. Any restrictive legislation on advertising and promotional activities will favour those brands which are already on the Italian market and particularly those in the lower constituent segment, in which Philip Morris is well represented. Philip Morris will have to continue its lobbying and public affairs activities in order to defend the industry and Philip Morris' position with regard to possible future legislation.

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ITALY - ACTION PLAN

<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
1. <u>National Association</u> Non-existent		
2.a <u>Individual PM Action - Current Counter Legislative</u> LEGAL		
1. Preparation of amendments with objective <ul style="list-style-type: none">- to protect leisure wear- to introduce new elements by which some limited advertising will be allowed	Established September 1978	Local Lawyer/Local PR Agency PME-HQ
2. New law proposal introduced reflecting above amendments	Introduced November 29, 1978	PME-HQ/Local Lawyer/ Local PR Agency
3. Answer drafted to opinion of Constitutional Court re existing law - to point out that existing law is constitutionally questionable; therefore further action should await final verdict	Established September 1978	PME-HQ/Local Lawyer

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ACTIONTIMINGRESPONSIBILITY

LOBBYING

- | | | |
|---|-----------------------|-----------------------------|
| 1. Contact made with members of Parliament who would be willing to present amendments/new law proposal (as mentioned above) | Established Fall 1978 | AGB/NSG/
Local PR Agency |
| 2. Inform all possible allies (tobacco growers and trade, alcohol industry, etc.) and to ask their help in lobbying members of Parliament | On-going | AGB/NSG/Local PR Agency |
| 3. Attempts made to limit advertising in order not to provoke negative parliamentary response | Fall 1978 | AGB |
| 4. All affected media contacted for support | On-going | AGB/Local PR Agency |

INFORMATION

- | | | |
|--|--|-----------------------------------|
| 1. Distribution made to all influential people, including selected members of parliamentary Health Commissions, of pertinent materials such as the "Cross Consultation" report wherein the majority opinion was for some form of advertising | Fall 1978 | AGB/PME-C.A./
Local PR Agency |
| 2. Opinion survey of Italian public - to be used in lobbying and information activities above | Pilot Survey
Completed September 1978 | AGB /PME-C.A./
Local PR Agency |
| 3. Campaign to inform general public (press articles, TV/cinema presentations, etc.) | On-going | AGB/Local PR Agency/
PME-C.A. |

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<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
2.b <u>Individual PM Action - General</u>		
Close contact maintained with Monopoly, Minister of Finance and other pertinent government, business and agricultural leaders and unions	On-going	AGB/Local PR Agency Local Lawyer
Provision of pertinent position papers, fact sheets, etc. to Monopoly, government and business leaders	Began 1977 - On-going	AGB/TLW/Local PR Agency
Resource materials (i.e. film, sales brochure, etc.) translated for distribution to pertinent parties	On-going	AGB/Local PR Agency/TLW
Survey of government and political opinion on specific issues to	Pilot Study Completed	PME-HQ
a) verify issues of concern		
b) develop counter arguments	Further Action Pending	AGB/PME-C.A./Local PR Agency
c) further distribution of information to pertinent parties		
Improved information sources and outlets	On-going	AGB/PME-C.A./Local PR Agency
- Sponsor journalist visits to PM Research Center (Richmond) etc. to promote better media relations	Planning Stage	AGB/PME-C.A./Local PR Agency

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<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
Improved national implementation of Corporate PR policy	On-going	AGB/PME-C.A./Local PR Agency
- Corporate Affairs seminar held to brief PR advisors with distribution of background materials	June 1978	PME-C.A.
- Seminar on effects of advertising to be held with advertising agencies/pertinent local management	September 1979	PME-C.A./Marketing
- Corporate Affairs seminar to be held to further brief local PR advisors/pertinent local management	December 1979	PME-C.A.
- Regular distribution of aide-mémoires made to local management/advisors	On-going	TLW/PME-PR
3. <u>PM Employees</u>		
Top executives - S & H seminar held with full distribution of resource materials	February 1978	JMH/PI/TLW
Local management - area seminars to be held	1979	AGB/RMC/TLW/HGA
- Briefing on S & H with further distribution of resource materials		
Local staff/sales force - S & H presentation with limited distribution of resource materials to be made	At First Opportunity	AGB/Local Management/TLW

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<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
4. <u>Tobacco Family (Retailers, Wholesalers, Growers, Etc.)</u>		
Presentation on S & H with distribution of background materials, i.e. sales brochure, audio-visual presentations, etc.	Autumn 1979	AGB/TLW
5. <u>Consumers</u>		
Campaign to inform consumer through press articles, radio/TV presentations, etc. on <ul style="list-style-type: none"> - social acceptability - individual freedoms - smokers courtesy 	Development Stage	AGB/Local PR Agency PME-C.A.

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BELGIUM - SMOKING AND HEALTH

Political Factors

The new Minister for Public Health is a aggressive politician, Luc Dhoore. A Christian Democrat, Mr. Dhoore has previously worked in several other ministries and is expected to remain at his present post for a few more years. One of his first acts as Health Minister was to call a press conference on July 1, 1977 announcing the granting of a subsidy to a combined-force anti-smoking organisation. The attitude of the new government on statutory action in general and against smoking specifically is still undefined but there is no evidence that the trends towards increased limitations and campaigns to reduce tobacco use should not continue. Most recently, there has been a move to have severe restrictions imposed by Royal Decree which does not require parliamentary approval for enactment.

Anti-Smoking Factors

In the past, the most demonstrable anti-smoking activities have been conducted by:

- the consumer organisations including Test Achat and Ufidec; the latter is socialist-oriented and this organisation has irregularly published tables on "tar" and nicotine content of cigarettes and appears on television; Test Achat has also published a table on "tar" and nicotine, including for the first time the carbon monoxide and nitrous oxide content of cigarettes.
- National Committee for Anti-Tobacco Coordination - Comité National de Coordination Anti-Tabac. At the initiation of Dr. Polak, a well-known zealot and chairman of the Association Anti-Tabac, and the new Health Minister, Mr. Dhoore, a press conference was held on July 1, 1977 announcing a new three-year program for the newly combined association of anti-smoking organisations subsidised by the government. The program, directed by Mr. Raf De Zutter (also director of the Belgian Work for Cancer), calls for a study of the application of existing laws and any other measures which might be developed, educational action including exhibitions, publications and visual propaganda directed at schools and other unspecified private and public action which might be initiated outside the legal sphere. The NCATC is currently focusing on lobbying both government and Parliament in the areas of advertising, public smoking, and prohibition of smoking by medical personnel. Though the announced budget (\$ 380,000) is relatively small, the all-volunteer organisation realises an effective spending power of at least two or three times as much and has the potential of being a US American Cancer Society counterpart in Belgium.

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Within this association, individual organisations carry out their own action plans as follows:

- the Red Cross whose government subsidised activities generally involve educational conferences and propaganda directed at school-age children, parents and teachers.
- The Anti-Tobacco Brigade of the Cancer Institute, directed by Miss L. Van Obergen, conducts informational campaigns and conferences mainly for schools.
- the Ligue Cardiologique, directed by I.P. Willaert, is setting up a national scheme involving a "No-Smoking Day" in addition to the group smoking cessation programs which it sponsors.
- the Anti-Tobacco Action Committee has much broader, national aims including restrictions of advertising, sales and distribution of tobacco products and non-smoking regulations to "protect" nonsmokers.

The anti-smoking cause has always enjoyed good media coverage and support from the medical profession and there is no indication that this will decrease. On the contrary, as the anti-smoking forces become more and more organised enlisting support from international health organisations, the publicity will undoubtedly increase proportionally. In addition, there already exists a heavy overflow of anti-smoking propaganda from French television.

Industry Factors

Fedetab (Fédération Belgo-Luxembourgeoise des Industries du Tabac) is the national association through which the Belgian tobacco industry deals with government. Although action by Fedetab is based on a consensus of its members, one company controls a considerable share of the market and therefore has a significant influence on Fedetab policy. In the past, the association had gained a reputation within the industry and the government as being an effective but fair and credible organisation. As a consequence, some discussions have resulted in government agreement to compromise solutions.

However, recent flagrant advertising launched simultaneously by several Belgian companies have without prior notice broken the existing voluntary agreement between Fedetab and government as regards health claims in advertisements. Numerous reactions ensued from government, medical circles and anti-smoking associations as well as the public. Consequently, Fedetab's credibility has been seriously jeopardised.

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Although a smoking and health committee was created within Fedetab to serve as an advisory group to industry members this has been non-operational since the dismissal of its chairman. Fedetab's president is currently handling all smoking and health matters himself backed up by individual company expertise, primarily from Philip Morris and presumably in future by ICOSI. The effectiveness of past and future action in the health area has certainly been undermined by the incongruous competitive behavior in the market.

Ideological and Social Factors

Anti-smoking efforts have already had considerable impact on the smoking behavior of the Belgian population. Three major factors have been responsible: the strong social unacceptability appeal of the anti-smoking cause which has created considerable guilt among smokers and has made non-smoking a fashion with the middle and the upper classes (which has been accentuated by the recent advertising campaigns of some tobacco manufacturers); the doctrinaire approach by government and the medical profession based on the medical controversy and aided by the media; and price considerations which added to the health consideration have caused blue-collar workers to cut down or stop smoking entirely.

Present Situation and Its Effect on Philip Morris' Activity

A voluntary agreement presently exists between Fedetab and the government restricting advertising and promotion whereby advertising cannot, among other things, include health claims, mention "tar" and nicotine content, or appeal to youth. Government regulations also forbid the distribution of sample packets on streets or in public places. Health warnings on the packs and cartons are mandatory and a Health Tax on cigarettes was proposed but was not accepted as such. The printing of constituent content on packs has not been required but this is a subject of parliamentary consideration. Legislative measures have long been in force restricting the use of tobacco in public transport, cinemas and theaters. As regards product liability, there is a general provision concerning all products. Any EEC directive strengthening this area of law will almost certainly be adopted in Belgium.

Of greater concern to the Belgian tobacco industry is the Food Law under which the Health Minister can propose measures, which are then enacted by Royal Decree without parliamentary approval. Presently, there are proposals for further advertising restrictions, a strengthening in the warning label, prohibition of smoking in public places and the required printing of constituent levels on packs to be enacted either by Royal Decree or parliamentary action. However, due to conflicting information, and perhaps some indecision by government itself, the exact status of these proposals is as yet uncertain. Nevertheless, the flagrant behavior of some companies has provided the anti-smoking lobby and government with further impetus to push for the enactment of the Degrees at an earlier time than might have been expected. The present situation inhibits Philip Morris' marketing and promotional activities; while established brands are not effected as much, new or lesser known brands cannot receive adequate promotion.

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Future Developments and Their Effect on Philip Morris' Activity

The level of restrictive activity in Belgium will depend largely on what is happening in other countries. Already the World Health Organisation recommendations issued at the various World Conferences on Smoking and Health have had a significant effect on the nature of statutory proposals in Belgium and Belgian decision makers and anti-smoking forces are closely watching the trend set in other countries and within the EEC. The current measures under consideration as well as the future possibility of increased taxation along the lines of the UK differential tax based on constituents certainly reflect this influence.

The effect on Philip Morris will be that present limitations on promotional activities, particularly in launching new brands, will continue or increase. This will have an important impact on the total market as the trend toward lower "tar" and nicotine accelerates because of the health controversy. Future developments, both in terms of threatened marketing and promotional limitations and the effectiveness of the anti-smoking cause, will necessitate the greatest possible coordination and support of Fedetab in its efforts to prevent excessive and unnecessary legislation and, of equal importance, to exercise more control over the marketing behaviour of its members.

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B E L G I U M - A C T I O N P L A N

<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
1. <u>National Association</u>		
Position papers on various aspects of S & H controversy are provided to Fedetab	On-going	RB/RMC/TLW
Establishment of special S & H - PR committee - with no results - all lobbying and PR activities again handled mainly by Fedetab chairman	1976 - 1977	Weltab
Assistance requested of PME to establish clear guidelines for public debates especially regarding - social acceptability and public smoking - S & H in general - advertising	January 1979	RB/JMH/TLW
Presentation and distribution of new resource materials, i.e. audio-visual presentations, brochures, etc.	On-going	ICOSI/WELTAB/PME-C.A.
Fedetab attended ICOSI Trade Association Meeting (Zurich)	May 1979	ICOSI

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<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
2. <u>Individual PM Action</u>		
Close contact maintained with the Fedetab chairman, local political, business and EEC leaders	On-going	PME-C.A./Local Advisors Weltab
Improved information sources and outlets	On-going	PME-C.A./Weltab/ Local Advisors
Improved national implementation of Corporate PR policy re S & H	On-going	PME-C.A./Local PR Agency
- Corporate Affairs Seminar held to brief local PR advisors with distribution of background materials	June 1978	PME-C.A.
- Seminar on effects of advertising to be held with advertising agencies/pertinent local management	September 1979	PME-C.A./Marketing
- Corporate Affairs Seminar to be held to further brief local advisors/pertinent local management	December 1979	PME-C.A.
- Regular distribution of aide-mémoires made to local management/advisors	On-going	TLW/PME-PR
3. <u>PM Employees</u>		
Top executives - S & H seminar held with full distribution of resource materials	February 1978	JMH/PI/TLW

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<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
Local management - area seminars to be held - Briefing on S & H with further distribution of resource materials	1979	AGB/RMC/TLW/HGA
Local staff/sales force - S & H presentation with limited distribution of resource materials to be made	At First Opportunity	Local Management/TLW
4. <u>Tobacco Family (Retailers, Wholesalers, Etc.)</u> Presentation on S & H with distribution of background information, i.e. sales brochure, audio-visual materials, etc. to be made	At First Opportunity	Fedetab/ICOSI
5. <u>Consumers</u> Campaign to inform consumer through press articles, cinema/TV presentations, etc. on - social acceptability - individual freedoms - smokers courtesy	Development Stage	Fedetab/ICOSI

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HOLLAND - SMOKING AND HEALTH

Political Factors

A new government came into power in 1977 comprised of a Christian Democratic - Liberal Coalition. The new government is favouring industry more than its predecessor. However, more legislation will probably be enacted but in such a way as not to interfere with the economic situation ; the Ministry of Finance and Economic Affairs carries considerable weight in Holland and its approval and support will be necessary.

Anti-Smoking Factors

Small groups, largely made up of students etc., occasionally emerge in Holland to take up the anti-smoking cause. These bodies are not well organized and generally fade out of existence without much publicity. The Club of Active Non-Smokers is such a group. Due to their inability and their rather passive attitude, they have played a non-effectual role. Most active and serious anti-smoking group at this time is the s.c. Foundation Public Health and Smoking.

The most concerted action against smoking has been initiated by the Dutch cancer foundation which launched a propaganda program, "Action Non Smoking", in 1964 with an annual government subsidy. The cancer foundation chairman, Dr. Meinsma, has established himself as the chief antagonist and leading spokesman on the smoking and health issue. He has also had some effect by indirectly bringing about the formation of the Meulblok Commission (see Present Situation) to study the question and the publication of constituent tables by the consumer union for approximately the past three years.

Furthermore, Dr. Meinsma enjoys a certain notoriety among the media and his opinions and reactions are actively sought and readily reported. In large part, Dr. Meinsma's popularity with the media is based on his highly emotional charged statements on the public's well-being which meet requirements for interesting and educational coverage necessary to the media in maintaining their licenses and not because his opinions are especially endorsed by them. In fact, he is considered to be something of a fanatic and is not taken very seriously. This reaction caused him to announce publicly that his propaganda campaign against smoking will cease. Since then Mr. Pontfoort, Director of the Foundation Public Health and Smoking, is taking over the role of leading spokesman on the smoking and health issue, which is creating a certain rivalry between him and Dr. Meinsma resulting often in contradictory reports.

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The most notable effect of anti-smoking publicity occurred after the broadcast of a stop-smoking television series when sales dropped for approximately two months and then resumed at a level equal to that prior to the series.

Industry Factors

The Dutch cigarette manufacturers are organised through their association, Stichting Sigarettenindustrie of DCMA (Dutch Cigarette Manufacturers Association). Market share has little effect on politics within the association as representation is fairly evenly divided and even Philip Morris with its 6% has a voice. To date, the DCMA has played a cooperative role with government. No regular contact with government regarding smoking and health issues is maintained although periodic informal discussions have occurred.

The association had in the past taken the attitude that they should not act in the area of smoking and health since any activity was thought to have a potential detrimental effect. Philip Morris has had some influence in providing information to the DCMA and in 1977 the DCMA decided not only to counteract negative publicity but also to mobilise the Dutch "tobacco family". A public relations agency, Agency Beachez, was appointed for these purposes. Mr. Beachez is a political public relations man with considerable experience and contacts with government. Nevertheless, the problem of having adequate access to counter arguments and information has already emerged (in which ICOSI might be of help in future). Furthermore, some companies still take the position that nonactivity is the best course and it has yet to be seen if Agency Beachez will be able to bridge the gap between the two DCMA factions.

Ideological and Social Factors

As the personal freedom concept is widely accepted and supported in Holland, the anti-smoking cause is not exceptionally strong. In general, there is no discernible difference in attitudes between social classes, though some difference between sexes can be noted with more highly educated men ceasing to smoke and more women beginning to smoke. This is considered to be the result of publicity about heart disease risk factors (the so-called managerial syndrome) in which smoking is implicated. Members of the medical profession and government appear to have highly individual opinions and the consensus is that smoking is a matter of personal choice.

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Present Situation and Its Effect on Philip Morris' Activity

Present official regulations on cigarettes are limited to the long-standing Tobacco Law whereby:

- no retailer is allowed to promote cigarettes in such a way as to encourage people to smoke or to encourage smokers to switch to a certain brand;
- no discounts are allowed to customers through the offering of premiums, coupons, etc.

As a result of questions posed to Parliament, an inter-ministerial working party, the Meulblok Commission, was formed in 1971 to study possible prohibitions and requirements of a warning label on the cigarette packs. The Meulblok report was issued in 1976 recommending a warning label on packs, printing of constituent ("tar", nicotine, carbon monoxide and ammonia) content on packs, publication of lists of available tobacco brands ranked according to constituent content, and a total advertising ban for cigarettes and roll-your-own tobacco. No formal action ensued from the publication of the Meulblok report, although the report but its recommendations did not receive either the publicity or government consideration that was expected and they form a dangerous basis upon which future government action may arise.

No statutory restrictions on advertising as yet exist but a self-regulatory gentleman's agreement has been operative under which the industry agreed, among other things, not to advertise on radio and television and not to emphasise "tar" and nicotine in advertising. However, Niemeyer nullified the agreement by disregarding the latter provision with the introduction of a dot system to designate "tar" and nicotine content. Since late 1976 all manufacturers have mentioned constituent figures in their advertising for LTN brands.

More recently, a voluntary agreement primarily concerning advertising and promotions directed to young people was developed and submitted to government. However, with the change in government, no agreement might even have been necessary if some Dutch companies had not in early 1979 engaged in advertising and promotional schemes which flagrantly violated the proposed code and resulted in considerable negative publicity. As a consequence of the ensuing controversy a new commission has been set up to look into stricter marketing controls and the Secretary for Public Health has decided that as of January 1, 1980 cigarette packs must bear an unattributed health warning ("Smoking is Dangerous for the Health") on the front panel and constituent content must be printed on the side of the pack. The DCMA is presently lobbying to amend these and any other potential actions by government to the extent possible.

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Constituent ("tar" and nicotine) content is regularly published in tables by the consumer union, the latest of which included carbon monoxide in addition to "tar" and nicotine. Smoking in public places has not been severely prohibited in Holland and present restrictions mainly relate to public transport; smoking is not allowed in most cinemas etc. because of fire regulations; hospitals and medical facilities have regulated against smoking on an individual basis. Tobacco substitutes and additives would probably come under the Food Law although this has yet to be determined. The EEC directives regarding product liability will probably be adopted in Holland. This is not considered to be a very serious problem as the Dutch are not prone to bringing law suits for damages.

The historic attitude of the DCMA as well as the recent irresponsible behavior of some Dutch manufacturers has made it difficult to appropriately fight restrictions. However, present marketing and promotional restrictions have had little effect on Philip Morris.

Future Developments and Their Effect on Philip Morris' Activity

Future restrictions will involve only those measures which will not have a detrimental effect on the economic situation. As such, advertising restrictions are foreseen but will probably not include a total ban. Some increase in non-smoking areas are expected. Furthermore, the proposed requirement of a warning label and constituent content designation on the packs will certainly be adopted.

The extent to which Philip Morris' future marketing and promotional activities will be affected will depend on the nature of future statutory action. The strong influence of the Finance Ministry and the complexity of the legislative process in Holland have aided in forestalling legislation to date; however, the DCMA's ability to counteract future regulatory proposals will depend on their willingness to take a concerted and unified stand on smoking and health and undoubtedly Philip Morris will need to be as involved in influencing the DCMA position as it has been in the past.

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H O L L A N D - A C T I O N P L A N

<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
1. <u>National Association</u>		
Position papers on various aspects of S & H controversy are provided to DCMA	On-going	ICOSI/RMC/TLW PM-Holland
Meeting with DCMA chairman and scientific advisor with discussion of present situation, presentation of certain resource materials, and proposals for increased DCMA action	May 1978	PI
Expressed intention to purchase and use PME audio-visual materials	On-going	RMC/TLW
Establishment of DCMA-PR program	Agent Appointed 1978	PM-Holland/PME-C.A.
- Improved contact with journalists	Program Initiated -	in conjunction with
- Distribution of medical information to medical trade	January 1979	DCMA-PR agent
- Information to total tobacco industry		
- Development of lobbying prospects		
- Consumers campaigns (e.g. smokers courtesy)	Established 1978	
DCMA attended ICOSI Trade Association Meeting (Zürich)	May 1979	ICOSI

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<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
2. <u>Individual PM Action</u>		
Close contact maintained with DCMA chairman and scientific advisor for assistance with PME projects	On-going	RMC/PM-Holland
Resource materials including audio-visual presentations, sales force brochure, Executive Report, etc. translated into Dutch for PM Holland/DCMA use	On-going	TLW
Improved information sources and outlets	On-going	PM-Holland/Local PR Agency/ PME-C.A.
Improved national implementation of Corporate PR policy	On-going	Local PR Agency/PME-C.A./ PM-Holland
- Corporate Affairs Seminar held to brief local PR advisors with distribution of background materials	June 1978	PME-C.A.
- Seminar on effects of advertising to be held with advertising agencies/pertinent local management	September 1979	PME-C.A./Marketing
- Corporate Affairs Seminar to be held to further brief local PR advisors/ pertinent local management	December 1979	PME-C.A.
- Regular distribution of aide-mémoires made to local management/advisors	On-going	TLW/PME-PR

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<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
3. <u>PM Employees</u>		
Top executives - S & H seminar held with full distribution of resource materials	February 1978	JMH/PI/TLW
Local management - area seminars to be held	1979	RMC/TLW/HGA
- Briefing on S & H with further distribution of resource materials		
Local Trainer to receive S & H orientation	At First Opportunity	RMC/TLW/HGA
Local staff/sales forces - S & H presentation with limited distribution of resource materials to be made	At First Opportunity	PM-Holland Trainer/TLW
4. <u>Tobacco Family (Retailers, Wholesalers, Etc.)</u>		
Presentations planned with distribution of background information, i.e. sales force brochure, audio-visual materials, etc.	At First Opportunity	DCMA/ICOSI
5. <u>Consumers</u>		
Campaign to inform consumers through press articles, cinema presentations, etc. on	Development Stage	DCMA-PR Agent/ICOSI
- social acceptability		
- individual freedoms		
- smokers courtesy		

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AREA IV

EASTERN EUROPE - SMOKING AND HEALTH

Political Factors

Eastern European governments have generally adopted anti-smoking positions in recent years. Some geographical variations exist in that the satellite states' governments have not been as strict as that of the USSR. Also, important economic factors are operative as tobacco growing is a significant industry in Poland, Bulgaria and the USSR and tobacco production and trade remain important aspects in the five-year planning. The Health Ministries have become especially involved in the smoking and health issue and have added anti-smoking to their anti-drinking campaigns. This conflict between health and economic policies is not likely to diminish with any future changes in governments.

Anti-Smoking Factors

The socio-political setting in the Eastern European countries has made it easier for the anti-smoking forces to undertake considerable activities in this region, in particular in the USSR. Campaigns have been launched including poster displays, educational forums, informational materials, etc.

Industry Factors

The tobacco manufacturers in the Eastern European countries are controlled by monopolies and do not therefore take a stand against State policies. The attitude of the Eastern European tobacco industry towards the smoking and health issue is reportedly that it would be best to maintain silence on this subject.

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Ideological and Social Factors

Although smoking is still considered to be one of the few pleasures afforded to Eastern European people, the anti-smoking pressure has some impact on the populace. In addition, with a long tradition of authoritarianism, the people are more receptive to the arbitrary dictates of government, allegedly in the public interest. However, consumption has not significantly been affected.

Present Situation and Its Effect on Philip Morris' Activity

Under existing legislation, no advertising or promotion of cigarettes is permitted anywhere in Eastern Europe although "informational" point of sale material can be used in some countries. As from January 1, 1978, Hungary, as the first Eastern European country, has a health warning required to be printed on the packs. In all other countries no such health warning is yet required, but restrictions exist on smoking in public places on a very broad scale. Emphasis on constituent levels has not become a significant factor in health legislation to date but may be a future consideration. With promotional activities severely curtailed, Philip Morris' marketing strategy is mainly concentrated on meeting the trend towards greater demand for Western blend cigarettes as well as continuing to expand good relations with the Eastern authorities and local manufacturers to ensure its position in this market.

Future Developments and Their Effect on Philip Morris' Activity

Further health legislative action cannot be predicted as such decisions are often arbitrarily imposed. Nevertheless, with the anti-smoking factor operative in the Eastern European countries, additional regulations are likely and unofficial proposals have included a reduction of nicotine content in cigarettes, increased public information on the alleged health hazards, printing of constituent content on the packs, and prohibition of sales from certain outlets. Philip Morris will continue to tailor its marketing activities to meet the demands of this shifting market. In principle, however, Philip Morris' business potential in Eastern Europe is not and will not be affected by smoking and health factors during the plan period.

YUGOSLAVIA - SMOKING AND HEALTH

Political Factors

The government attitude towards smoking and health in Yugoslavia is influenced both from the East where a more severe position has recently emerged on this issue and from the West where a strong anti-smoking stance is evident.

Anti-Smoking Factors

Articles from the Western press on smoking and health are occasionally reproduced in the Yugoslav press but so far this has not been done on an organized basis and their number is still extremely limited.

Industry Factors

Local manufacturers are becoming aware of developments taking place in the West with regard to smoking and health and introduction of light cigarettes must be expected in the future. In view of the importance of tobacco growing in Yugoslav agriculture any initiative from the central government would have carefully to take into account manufacturers' and tobacco growers' interest.

Ideological and Social Factors

The smoking population is gradually becoming aware of the smoking and health issue. So far, it may be stated that only the better educated people have in fact been exposed to it. Interest for light cigarettes is likely to grow in coming years.

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Present Situation and Its Effect on Philip Morris' Activity

All cigarette advertising has been prohibited in Yugoslavia since 1973, with the exception of point-of-sale material which is allowed in certain regions. Some publications of constituent numbers has occurred but this has not been on an official basis. No warning label or printing of constituent content on the packs is required as yet. Philip Morris has had to adapt its marketing activities to promotional limitations in addition to being hindered by price controls and strict import restrictions.

Future Developments and Their Effect on Philip Morris' Activity

The government is discussing the development of a law requiring a notice to be printed on the packs; however, it is not clear yet whether such notice will be a health warning or constituent labelling. Philip Morris' activities are not likely to be affected by such new restrictions in the course of the next five years.

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EASTERN EUROPE - ACTION PLANS

(Priorities Soviet Union, Poland, Bulgaria, Yugoslavia)

<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
1. <u>National Association</u> Non-existent		
2. <u>Individual PM Action</u> Sponsor seminar for Monopoly and relevant Ministry representatives to present S & H controversy in order that participants have necessary information to counter and/or shift government health policy Personal contacts with industry representatives maintained and developed as possible within highly restrictive atmosphere	Moscow presentation to be made at first opportunity On-going	JG/PME-C.A. in conjunction with SH&B JG

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<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
3. <u>PM Employees</u>		
Top executives - S & H seminar held with full distribution of resource materials	February 1978	JMH/PI/TLW
Management to be included in other area in-depth briefings on S & H with further distribution of resource materials	At First Opportunity	PME-C.A.
4. <u>Tobacco Family</u>		
See No. 2 above		
5. <u>Consumers</u>		
No overt action possible due to political climate		
Explore possibility of planting articles in "Herald Tribune" for indirect, albeit limited, effect	Development Stage	PME-C.A.

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AREA V

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IRAN - SMOKING AND HEALTH

Political Factors

Since the revolution there has been no indication of a new government's attitude to smoking and health, other problems have obviously taken priority. When the country returns to normal it is likely that the previous trend, that of publicizing health risks of smoking, will continue.

Anti-Smoking Factors

During and after the revolution the anti-cancer societies have been dormant. It is expected that their activities and their support by the press will recommence when a situation of normality returns.

Industry Factors

The Iranian tobacco industry is controlled by the state monopoly, the Iranian Tobacco Company, which is also the sole importer of foreign brands. Previously smoking and health was of no apparent interest or concern to the I.T.C. Largely as a consequence of its state ownership, no action or lobbying can be expected by the monopoly against government anti-smoking policies; on the contrary, if smoking and health becomes a popular issue then the I.T.C. can be expected to take the popularist view.

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Ideological and Social Factors

Although the educated element of the Iranian populace (approximately 40%) is generally aware of the smoking and health issue through their contact with the West, it has not become a popular concern. While there is no religious basis for concern over smoking and health, among the lower classes, smoking by women in public is generally considered to be socially unacceptable, and now this feeling will become more intense.

Present Situation and Its Effect on Philip Morris' Activity

No restrictive legislation exists in Iran; however, an advertising ban is arbitrarily administered by the monopoly. The basis for this ban appears not the smoking and health issue but rather the monopoly's wish to be in total control of the market. In addition, the monopoly has voluntarily put a health warning on the banderole of all of their locally produced brands. The present advertising ban has been a major factor inhibiting Philip Morris' ability to break into the well-entrenched import market in Iran.

Future Developments and Their Effect on Philip Morris' Activity

The requirement of a health warning on the packs and legislation prohibiting smoking in public places are thought to be the most likely future governmental actions in the context of smoking and health. However, such promotions as sports sponsorship will probably be further restricted in the future. Emphasis on lower constituent brands is anticipated but will be the result of voluntary activity within the industry to gain competitive advantage especially in the import segment. Philip Morris is conscious of the potential shifts in the market and has already planned its marketing strategy accordingly.

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KUWAIT - SMOKING AND HEALTH

Political Factors

Since the revenue from oil production in Kuwait is vast and all-important and all other industries are considered to be secondary, arbitrary decisions have been and are taken by the Kuwaiti government with little regard for the economic impact. Legislation, in general, and the attitude towards smoking and health specifically, are largely based on policies operative in outside countries, in particular Saudi Arabia, which Kuwait tends to emulate. Recently, the government has instigated restrictive measures in the health context on a continuous and progressive basis.

Anti-Smoking Factors

Although no formal anti-smoking organizations appear to exist in Kuwait, there is considerable anti-smoking influence from Saudi Arabia and from Great Britain. Press reprints, especially featuring anti-smoking events in Great Britain and the United States, are numerous. In addition, a series of anti-smoking films supplied from West Germany is regularly screened by the television network.

Industry Factors

There is no local manufacturing of tobacco products in Kuwait and thus all brands are imported and sold through local distributors. Foreign importers to Kuwait are not organized to combat governmental restrictions and any contact with the government is made through the local distributors. However, the Kuwaitis are very resistant to outside interference and little, if any, active lobbying takes place as a consequence.

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Ideological and Social Factors

Because of the Saudi Arabian influence as well as the considerable contact with the Western countries through extensive travelling, the Kuwaiti populace is well aware of the smoking and health issue. No one population segment is affected since the national wealth from oil is evenly distributed among native Kuwaitis and most are fairly well educated. The anti-smoking cause appears to be most popular with the Kuwaiti press although coverage is largely made up of verbatim reprints from Western media often supplied by Embassy Information Services. Kuwaitis who seek medical attention generally go to Europe for these services and therefore are influenced by the European medical position. Despite all of this, Kuwaitis tend to ignore the health allegations and continue to smoke.

Present Situation and Its Effect on Philip Morris' Activity

As of July 1976, a health warning was required on all cigarette packs in Kuwait. In addition to a previous ban on radio and television, cinema advertising for tobacco products was banned in early 1977 and in early 1978 outdoor advertising was banned with the exception of neon signs which must carry a health warning. This outdoor advertising ban, however, does not exclusively refer to tobacco products. All remaining cigarette advertising must carry a health warning. Constituent levels of cigarettes and the public smoking issue are not presently factors in Kuwait. In light of the progressive restrictions which have been introduced, Philip Morris is attempting to strengthen its brand position although government measures have had little impact on Philip Morris' sales to date.

Future Developments and Their Effect on Philip Morris' Activity

Further progressive restrictions on cigarette advertising are anticipated in Kuwait. Constituent levels may become an issue as a result of outside anti-smoking influence but it is unlikely that this will have an immediate or dramatic effect on this basically full-flavor market. Philip Morris' marketing and promotional activities will be geared to strengthening its brand position while some advertising is still allowed and will later have to be adapted to maintaining its market share without the aid of promotional possibilities.

SAUDI ARABIA - SMOKING AND HEALTH

Political Factors

There is little hesitancy to enact legislation if desired and the government has taken a strong anti-smoking attitude originally as a result of religious pressures. The Minister of Health is now associated with this position and has been instrumental in implementing a smoking ban in hospitals and schools. Within the framework of the Gulf Health Ministers' Conference, Saudi Arabia has urged her neighbours to ban all forms of cigarette advertising.

Anti-Smoking Factors

Anti-smoking influence has been felt from international sources as well as from within, mainly from religious quarters. They have been quite effective in influencing the government to take a strong stand and are instrumental in preventing the local manufacture of tobacco products in Saudi Arabia. In addition, the national television network is continually broadcasting anti-smoking programs.

Industry Factors

The tobacco industry in Saudi Arabia is comprised exclusively of importers of foreign brands. Although smoking and health is recognised as a significant issue, no lobbying can be done to counteract restrictive measures as foreign interference in domestic social issues is considered to be counterproductive. However, the industry was able (through local distributors) to co-operate and lobby effectively with regard to the wording of a health warning.

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Ideological and Social Factors

Although there is a growing awareness of the smoking and health controversy among the Saudi people, in general the smoking populace has not reacted and continues to smoke full-flavoured cigarettes.

Present Situation and Its Effect on Philip Morris' Activity

Existing legislation in Saudi Arabia includes a complete and strictly-enforced ban on all forms of cigarette advertising. However, this does not apply to international media reaching Saudi Arabia which is utilized by all foreign manufacturers marketing their brands in this market. As of December 1976, a health warning has been required on cigarette packs. In spite of the restrictions, Philip Morris has been able to conduct certain promotional activity and has experienced a continued growth in market share.

Future Developments and Their Effect on Philip Morris' Activity

Because religious attitudes militate against smoking in Saudi Arabia, anti-smoking pressure on government is not likely to decrease in the future. Further restrictive measures must be anticipated either in terms of public smoking, constituent content or taxation, and the Saudi position may cause other Arab countries of the region to adopt similar measures. However, if present promotional activities can be continued, no major effect on Philip Morris' growth is envisaged.

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BAHRAIN - SMOKING AND HEALTH

Political Factors

The government's attitude towards smoking and health has gradually intensified over recent years. In 1979, the Minister of Health - who adopts a hard line towards this subject - has succeeded in persuading the government to take more definite action.

Anti-Smoking Factors

The only anti-smoking society in Bahrain is "The Society for the Eradication of Smoking", whose activities have supported and complemented those of the Health Minister. The government-owned TV station has screened anti-smoking films and discussion panels.

Bahrain has participated at Minister level in previous anti-smoking conferences, and is to host a similar conference later this year, which will be attended by Health Ministers from all the Gulf states and Saudi Arabia.

The serious effects of any resolution passed at this conference should not be underestimated. Were these effects to be confined to Bahrain, they would be comparatively insignificant in such a small market. The real risk is that the effects will be felt throughout the whole Arabian peninsula.

Industry Factors

Although there is no local manufacture of cigarettes in Bahrain, some international companies, including Philip Morris, have established offices in this market to supervise imports into the region. So far, no joint efforts have been made in defence of smoking and health; however, the Philip Morris office has succeeded in publishing the advertisements produced by the Tobacco Institute and will continue to undertake such action in line with corporate policy.

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Ideological and Social Factors

Awareness of the smoking and health controversy already exists in Bahrain. However as education and literacy improves, this awareness can be expected to grow and to accelerate because of the recent increased activities by the anti-smoking factions.

Present Situation and Its Effects on Philip Morris

In recent years, the following restrictions have been introduced :

- TV and radio advertising have been banned.
- Cinema advertising was banned as of July 31, 1979 even though the privately-owned chain of cinemas protested about the potential loss in the advertising revenue. Instead, a surcharge was levied on cigarette advertising, which was paid into an anti-smoking fund. (Philip Morris, unlike some of its competitors, refused to advertise under such conditions).
- The size of print advertising is regulated.
- Print advertising must carry a government health warning.
- A government health warning since April 15, 1979 has been required on cigarette packs.
- In June 1979, an immediate ban was placed on all outdoor advertising and promotion of cigarettes.

Consequently, our media advertising campaign has been reduced to use of the press, with increased frequency to offset the size limitation.

All of these restrictions have had their effect which is reflected in Philip Morris' reduced sales growth. Per Capita consumption of the whole market has also levelled off.

Future Developments and Their Effect on Philip Morris Activity

The Minister of Health has stated that whereas no restrictions will be placed on smoking in public places, every attempt will be made to persuade consumers to give up smoking totally.

Furthermore, total ban on all forms of cigarette advertising can be expected in the near future. When this happens Philip Morris will have to rely on its advertising campaigns in pan-regional press reaching Bahrain. Also, greater emphasis will be placed on merchandising and on indoor sampling activities, when and where permitted.

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LEBANON - SMOKING AND HEALTH

Political Factors

The present political and economic situation in Lebanon is such that smoking and health is not a major issue with the government. However, following an anti-smoking campaign in 1978, the Health Ministry was pressured into taking restrictive measures. Tobacco growing is an important industry in Lebanon and this economic element is generally a counter-force to anti-smoking legislation.

Anti-Smoking Factors

The anti-smoking cause has received periodic coverage in the Lebanese press, which is liberal in character and holds a predominant position in the pan-Arab region. Press accounts have focused mainly on reports from international media. The Lebanese Cancer Society is the principal anti-smoking organisation in the country.

Industry Factors

The tobacco industry in Lebanon has historically been managed by an independent company, the Regie. The attitude of the monopoly is to stress the importance of the commercial, social and agricultural aspects of the tobacco industry. Whilst smoking and health is not considered to be an important problem for the Lebanese industry at the present time, the Regie is taking steps to allow foreign suppliers to introduce low constituent level brands onto the market. Merit is the first of this type of cigarette to be legally imported for sale in Lebanon.

Ideological and Social Factors

Although there is widespread awareness of the smoking and health question among the Lebanese, little consumer concern about the health allegations against smoking is evident. Those who are concerned are the highly educated and the medical profession, both of which are mainly influenced by the attitudes that have been adopted in Western Europe and in America.

Present Situation and Its Effect on Philip Morris' Activity

Under existing legislation in Lebanon, promotions for imported brands are permitted but cannot include outdoor or indoor display (billboards, panels, etc.) which are completely banned. Furthermore, point of sale material and premiums are allowed except, paradoxically, at point of sale outlets. These restrictions apply only to imported brands as a means to combat foreign brand advertising and safeguard domestic production; they are not at all based on the health question. In 1978, as a result of lobbying by the Lebanese Cancer Society, the government announced that a warning label must be printed in press advertising and on the cigarette banderole, and cigarette advertising showing women has been banned. To-date, only the latter restriction has been implemented. Philip Morris' main task will be to lobby for positioning in the industry and to counteract, where possible, any negative press coverage in order to maintain its predominant position in the Lebanese market.

Future Developments and Their Effect on Philip Morris' Activity

A ban on television advertising is expected early in the plan period. Constituent numbers will likely become an issue within the planning period as a result of competitive marketing strategy. This factor, along with the increasing amount of anti-smoking press coverage, may create a greater emphasis on the smoking and health question as a consumer issue. Philip Morris will therefore need to promote a positive image and innovative marketing and lobbying tactics to combat any social pressure which may emerge.

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TURKEY - SMOKING AND HEALTH

Political Factors

In the present state of political instability there appears to be no governmental interest in smoking and health. Existing restrictive measures have been adopted to safeguard the domestic market in Turkey.

Anti-smoking Factors

No anti-smoking influence appears to exist in Turkey.

Industry Factors

Manufacture and distribution of tobacco products in Turkey is completely dominated by the Turkish Monopoly, Tekel, and there is no legal importation of foreign brands in the domestic market. Tekel also controls the duty free outlets where imported brands can be legally sold. Smoking and health is of no concern to the Turkish industry and no action is undertaken to combat this issue. However, Tekel may use ideological arguments to encourage the government to request a health warning on cigarette packs in order to reduce consumer demand for cigarettes and so help to overcome the industry's problem of shortage in supply.

Ideological and Social Factors

No public concern has been noted among the Turkish population and Turks travelling and working abroad appear not to be influenced by what is occurring in other countries.

Present Situation and Its Effect on Philip Morris' Activity

Existing restrictions in Turkey include a complete ban on the sale and advertising of foreign brands in the domestic market and limitations on advertising in the duty-free outlets where foreign brands are permitted to be sold. These restrictions are in no way connected to the health issue and have been adopted to safeguard the domestic industry. Unless there is a change in government over the plan period, these restrictions will continue to inhibit Philip Morris' development in the Turkish market.

Future Developments and Their Effect on Philip Morris' Activity

No change in the present situation either in terms of smoking and health issue or of Philip Morris' marketing activities is anticipated.

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EGYPT - SMOKING AND HEALTH

Political Factors

The government's attitude towards legislation in the Arab Republic of Egypt is very much characterized by the economic situation, Egypt's traditional position as a leader in the Arab world, and a growing emulation of Western concepts.

Smoking and health has started to be an issue with the government and the Health Ministry is being pressured into addressing this in a more positive manner.

Anti-Smoking Factors

Branches of international anti-smoking organizations have appeared in Egypt during the past years and during early June 1979, a conference on the subject was held at the People's Assembly House in Cairo. (This was presumably the UICC Workshop in which Michael Daube, former Director of ASH, participated as was reported at the Fourth World Conference in Stockholm). This conference was headed by the wife of the President of the Republic and the Minister of Health. The conference recommended that the government should take the following steps:

1. To ban all advertising in sporting clubs and at sport events.
2. To ban smoking in public places.
3. To introduce health warnings on the packs of cigarettes and in press advertising.
4. To put a higher tax on cigarettes.

Also, an increasing number of anti-smoking articles have appeared in the press, based on reports from international media and opinions of local medical bodies. This coverage has been quite effective in developing public awareness of smoking and health.

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Industry Factors

The Egyptian Industry is composed of government owned and operated local companies and a number of foreign importers. Smoking and Health is not yet considered to be a crucial issue by the Egyptian Tobacco Industry. Filter cigarettes retain the largest share of this full-flavour market, although international companies have recently introduced low tar and nicotine brands.

Ideological and Social Factors

Smoking and Health is not an issue among the general Egyptian populace who are more concerned with day-to-day survival and consider smoking to be one of their few pleasures in life. The health question has, to some extent, become a popular concern with local politicians and press, but it is not considered to be a priority by the medical profession.

Present Situation and Its Effect on Philip Morris' Activity

Both radio and television advertising for cigarettes has been banned since 1977. Other media and promotional activities are still allowed which is helping Philip Morris break into the Egyptian Market.

Future Developments and Their Effect on Philip Morris' Activity

A ban on outdoor advertising, the introduction of a health warning on press advertising and the pack itself, and the imposition of additional taxes are expected in the near future. These developments will force a change in the marketing and/ or promotional strategy of Philip Morris in Egypt.

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A F R I C A - S M O K I N G A N D H E A L T H

(Except Egypt, Nigeria and South Africa)

Political Factors

In general, little official governmental attention has been paid to smoking and health in Africa and the African Health Ministers, where they exist, have not taken a strong stand on this issue. This is in large part because most governments are preoccupied by other priorities (economic and social development), and because cigarette advertising and tax revenues are important to the African economies. Therefore, governments are not inclined to impose restrictions which might jeopardize this income.

Anti-Smoking Factors

There are no known anti-smoking groups operative in most of the African countries. However, the French government's attitude regarding smoking and health is influencing the attitudes taken by officials in some French-speaking countries. Also, several major supra-national organisations have directed attention to smoking and health in the Third World, notably in Africa, and already their influence is evident.

Industry Factors

In general, the tobacco industry is highly competitive in Africa and it appears to have little motivation to organize cooperative associations as it has had to face few, if any, governmental restraints to date in terms of the health controversy. Nevertheless, in the Ivory Coast an industry association has developed with the objective of protecting the interests of the tobacco industry there.

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Ideological and Social Factors

Smoking and health is of little concern to the African people and it seems not to be a popular issue among them. However, if an anti-smoking campaign supported by religious leaders and/or the medical profession developed, this could seriously affect consumption because of the mentality of the Africans, and their faith in their religious leaders and doctors.

Present Situation and Effect on Philip Morris' Activity

At present, only two countries are affected by smoking and health legislation. In Sudan a ban has been imposed on cigarette advertising on television prior to six o'clock in the evening. In Niger, all cigarette advertising was banned as a consequence of the UN Year of the Child campaign; this ban is not expected to be lifted. No immediate intention by African governments have been noted to require constituent numbers to be printed on the packs or on advertising and individual companies are so far not using this strategy for competitive advantage in the lower constituent segment. There are no restrictions on public smoking although in a number of countries women do not smoke in public for cultural reasons. No countries require a health warning sticker on packs.

The factors most affecting PM's present marketing activity in Africa are high taxation (not based on the health question) levied on imported brands and the already strong entrenchment of imported Virginia brands in this market.

Future Developments and Their Effect on Philip Morris' Activity

Because the African governments will continue to want to safeguard their economic interests, it is unlikely that they will impose restrictions which might curb tobacco consumption. However, warning labels may be required in some countries, and due to the publicity over the "War on Want" report from the United Kingdom which criticized marketing practices in the Third World and particularly in Africa, constituent levels may become an issue. Anti-smoking publicity reaching the medical profession and religious leaders may influence the general populace and pressurize governments into restricting advertising and promotions.

Nevertheless, Philip Morris should be able to continue its marketing and promotional activities in most markets without the hindrance of governmental restrictions.

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N I G E R I A - S M O K I N G A N D H E A L T H

Political Factors

There is no official governmental attitude on smoking and health in Nigeria nor does there appear to be any interest by government in legislating on this issue. The expected change to a civilian government will probably not alter this attitude, because the government is and will continue to be preoccupied with economic and other social priorities.

Anti-Smoking Factors

Adverse anti-smoking publicity has dramatically increased in Nigeria through local press coverage of international media reports. These have been very subjective in nature and have formed the basis for many Nigerian newspapers to develop campaigns over this issue.

Industry Factors

Two companies have factories in Nigeria, British-American Tobacco and Philip Morris. Attempts are being made to set up a joint committee or institute, which may include other groups such as tobacco farmers and cigarette traders, in order to protect the interests of the industry in this increasingly anti-tobacco environment.

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Ideological and Social Factors

As not less than seventy percent of the Nigerian population is illiterate, Nigerians form their opinions on smoking and health almost exclusively on the basis of rumor and superstition. The population is becoming more aware of the allegations against smoking largely because of press coverage from outside reports. The prevalent attitude in model developed countries has some impact on the upper class.

Present Situation and Its Effect on Philip Morris' Activity

No formal restrictive legislation on media advertising exist although voluntary restrictions against advertising which mentions or implies a health claim have been adopted by the Nigerian tobacco industry. Recently, the Northern Nigerian press began rejecting cigarette advertising for religious reasons. This action may expand to the radio stations in which case, there may be some effect on Philip Morris' performance in this region since this is an important medium for cigarette advertising.

Future Developments and Their Effect on Philip Morris' Activity

As Nigeria's wealth becomes more evenly distributed among its population and a greater number of Nigerians become educated, the spill-over effect as regards smoking and health may become more evident. Events occurring in model Western countries may motivate the Nigerian government to take restrictive action although this is not expected within the plan period.

S O U T H A F R I C A - S M O K I N G A N D H E A L T H

Political Factors

The smoking and health issue is new in South Africa and there is no anti-smoking legislation as yet. The present political situation is such that the government is preoccupied with other priorities, but pressure from the public may eventually force the government to adopt measures to restrict cigarette advertising or to implement a health warning on the packs. Also the government may be urged to impose premium taxes on higher constituent level brands.

Anti-Smoking Factors

Since January 1979, when an anti-smoking article appeared in the press listing the constituent content of most brands on the South African market, numerous other anti-smoking articles (originating from reports such as the 1979 U.S. Surgeon General's Report and the Gio Gori study) have ensued with strong recommendations including:

- a) Regular cigarette analysis by the government and publication of the results in the mass media;
- b) Compulsory printing of the analyses' results on all cigarette packs and advertising;
- c) Education of the public with regard to the meaning of this analysis;
- d) A programme designed to replace "more dangerous" cigarettes with "less hazardous ones."

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Industry Factors

Only two companies, Rembrandt and British-American Tobacco, have factories in South Africa and these companies represent over 99% of the South African market. Recently, Rembrandt and BAT set up a joint committee with the objective of protecting the interests of the tobacco industry. They are presently taking steps to reduce the constituent levels of existing brands and to introduce new low-level brands in the future.

Present Situation and Its Effect on Philip Morris' Activity

All media except television remain available for cigarette advertising in South Africa. Public smoking is only limited in cinemas as a result of long-standing fire regulations.

Constituent content of cigarettes has become a major issue in South Africa. An analysis made in March 1978 of the smoke yields of 69 brands of cigarettes sold there showed an average "tar" yield per cigarette of between 30 and 38.5 mg. for 27 brands and a variance of 20 to 30 mg. "tar" for all but one of the 42 other brands. Sales of lower constituent level cigarettes have significantly increased since early 1979, but this has not adversely affected Chesterfield's performance (28.8 mg. "tar") which is manufactured under license by Rembrandt.

Future Developments and Their Effect on Philip Morris' Activity

During the plan period more intense anti-smoking publicity is anticipated which may force the government into requiring constituent numbers to be printed on cigarette packs as well as, perhaps, a health warning. Despite greater awareness of the smoking and health issue, no restrictions are expected on public smoking nor on marketing activities. Therefore, it is unlikely that Philip Morris' business with Chesterfield or possible other brands will be hindered.

I S R A E L - S M O K I N G A N D H E A L T H

Political Factors

Due to the unrest in the Middle East, the Israeli government has been preoccupied with more urgent problems such as national defense, and legislation on social issues has taken a lower priority. As a consequence, although several legislative proposals in the smoking and health context have emerged in recent years, these have not been adopted by the Parliament (The Knesset).

Anti-Smoking Factors

There is considerable influence in this context from the West, particularly from the United States, but so far there are no organized anti-smoking forces in Israel.

Industry Factors

One company controls over 90 % of the Israeli market. Foreign imports representing the balance are handled principally by one distributor. Any restrictive legislative activity will have to take into account the interests of the local industry which has excellent contacts with government. Attempts to introduce imported low numbers brands on the Israeli market have, in all cases, been unsuccessful.

Ideological and Social Factors

Israelis in general appear to be fairly health conscious and exposure through the media to the anti-smoking movement, particularly from the United States, has increased public awareness of the smoking and health question. Other problems are, however, of greater concern to the Israeli populace.

Present Situation and Its Effect on Philip Morris' Activity

Few restrictions or regulations exist in Israel, although recently a Private Members Bill was submitted to the Knesset (Parliament) calling for further restrictions on cigarette advertising, a pack warning ("Smoking Damages Your Health") and a ban on smoking in public places. Presently, only radio and television advertising for tobacco products is totally prohibited. High prices of imported cigarettes have been a major influence on Philip Morris' growth in Israel although it continues to enjoy a leading position within the import segment.

Future Developments and Their Effect on Philip Morris' Activity

Additional restrictions on advertising are expected within the plan period. Also, a health warning may be required as well as publication of constituent content figures. Restrictions on public smoking also appear to be inevitable because of the very strong influence of the West in Israel. Increases in taxation are predicted but will not be based on the health question. Philip Morris will have to adapt its marketing and promotional activities to this changing situation in order to strengthen its market position in advance of further restrictions.

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MIDDLE EAST / AFRICA - ACTION PLAN

<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
1. <u>National Association</u> Non - existent		
2. <u>Individual PM Action</u> Establish personal contacts with Monopoly and/or government, business and agricultural leaders on individual country basis, directly or through local importers and distributors , as possible	Planning Stage	WT/Local Management/ TLW
Provision of pertinent position papers, fact sheets, etc. to key parties whenever possible on individual country basis particularly in the areas of: <ul style="list-style-type: none">- advertising- warning labels- S & H in general	On-going Being Expanded	WT/Local Management/ TLW

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<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
Improved information sources and outlets	On-going	WT/Local Management/ PME-C.A.
Improved national implementation of Corporate PR policy on S & H	On-going	WT/PME-C.A.
Establishment of area action plan to be implemented as possible on individual country basis	March 1979	TLW/WT
 3. <u>PM Employees</u>		
Top Executives - S & H seminar held with full distribution of resource materials	February 1978	JMH/PI/TLW
Local management - area presentation made on S & H with full distribution of resource materials	July 1978	TLW
- Follow-up in-depth briefing planned at next area meeting	Summer 1979	TLW
- Continuous distribution of background materials made to local management acting as national S & H coordinators	On-going	TLW
Local importers and distributors - S & H presentations to be made to enable them to assist in lobbying efforts whenever possible on individual country basis	Summer/Fall 1979	WT/Local Management/ PME-C.A.

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<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
<p>4. <u>Tobacco Family (Retailers, Wholesalers, Growers, Etc.)</u></p> <p>No direct PM action possible due to cultural and religious circumstances</p> <p>Any action will be taken through local importers and distributors (see No. 3 above)</p>		
<p>5. <u>Consumers</u></p> <p>Press campaigns to inform consumers to be carried out</p> <ul style="list-style-type: none"> - locally by planting articles/ads on select basis - regionally/internationally by stimulating positive articles particularly in the American/English press which are picked up throughout the area 	<p>On-going Being Expanded</p>	<p>WT/Local Management PME-C.A.</p>

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G R E E C E - S M O K I N G A N D H E A L T H

Political Factors

The government in Greece is particularly concerned with strengthening the economy and as a consequence the government has traditionally been reluctant to legislate controls on tobacco products which might have a negative impact on production of tobacco, Greece's largest single export. However, the Minister of Social Welfare (Health), Mr. Doxiadis, is very involved in the smoking and health issue and he has already exerted considerable influence in this regard. Of greatest future impact on the government's attitude towards legislation in the smoking and health context will be Greece's entry into the EEC, scheduled for January 1981, and the increased pressures to take restrictive measures which can be expected from this association.

Anti-Smoking Factors

The Ministry of Social Welfare is the key anti-smoking force in Greece and has adopted an approach patterned after international health associations' guidelines. Also, several private environmental groups in Greece have begun to take up the smoking and health issue.

Industry Factors

The tobacco industry in Greece is a particularly strong and important entity. However, in the past it was not organized into any form of association and as a consequence it lacked unity in making a strong stand on the ban of TV and radio advertising for cigarettes. A presentation, initiated by Philip Morris Europe, was made to our Greek manufacturer resulting in the main Greek manufacturers attending the May 1979 ICOSI meeting in Zurich. Following this it was agreed to finally form a Greek Manufacturers' Association.

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Ideological and Social Factors

Anti-smoking has not become a popular issue among the populace in Greece. However, interest for brands which, if not "light", appear to be so, is growing. The Greek people are generally made aware of the health question through increased local press and TV coverage on this subject. The medical profession appears to be more concerned about smoking than in the past.

Present Situation and Its Effect on Philip Morris' Activity

In March 1977, the Committee on Cancer Subjects of the Ministry of Social Welfare submitted clear, systematic proposals against smoking to government. As a consequence, smoking has been banned on all long-distance buses and non-smoking areas have been increased on the national airlines. Furthermore, as of March 10, 1978, cigarette advertising on the national radio and television services was banned as a result of a decision taken by the Prime Minister and the Minister of Social Welfare. The banning of cigarette advertising on radio and TV had no adverse effect on Philip Morris marketing and promotional activities since use of this media had already been stopped prior to the ban.

Future Developments and Their Effect on Philip Morris' Activity

As Greece is increasingly influenced by other Western countries and particularly the EEC, there will be added pressure on the Greek government to legislate on cigarette advertising. Health warnings on the packs and the printing or publication of constituent content are not expected to be required within the planning period. However, increasing awareness of the health question and competitive activity within the industry may cause some shift in the marketing of lower level brands. Philip Morris therefore needs to step up its advertising and promotional activities while these are still possible and to adjust its future marketing to any shift in consumer tastes.

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G R E E C E - A C T I O N P L A N

<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
1. <u>National Association</u>		
Stimulate and assist in the development of a representative tobacco trade association	On-going	WT/Local Management
- Encourage appointment of a S & H spokesperson therein - to be provided with all relevant background information	Pending	WT/Local Management/ PME-CA
Industry representatives given presentation on ICOSI and S & H	March 1979	ICOSI (C.V.-Reemtsma)
2. <u>Individual PM Action</u>		
Close contact maintained with Licensee parties with pertinent resource materials provided	On-going	WT/Local Management/ PME-HQ
Provision of information to important government, business and tobacco trade leaders through Licensee	On-going Being intensified	WT/Local Management/ PME-HQ

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<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
Improved information sources and outlets	On-going	WT/Local Management/PME-C.A.
Improved national implementation of Corporate PR Policy	On-going	WT/Local Management/PME-C.A.
- Corporate Affairs Seminar held to brief local PR advisors with distribution of background materials	June 1978	PME-C.A.
- Seminar on effects of advertising to be held with advertising agencies/pertinent local management	September 1979	PME-C.A./Marketing
- Corporate Affairs Seminar to be held to further brief local advisors/pertinent local management	December 1979	PME-C.A.
- Regular distribution of aide-mémoires made to local management/advisors	On-going	TLW/PME-PR
Development of local action plan	March 1979	TLW/PH
3. <u>Pm Employees</u>		
Top executives - S & H seminar held with full distribution of resource materials	February 1978	JMH/PI/T/W
Local/Licensee management briefing on S & H with distribution of resource materials to be made	At First Opportunity	WT/RMC/TLW/HGA

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<u>ACTION</u>	<u>TIMING</u>	<u>RESPONSIBILITY</u>
4. <u>Tobacco Family (Retailers, Wholesalers, Growers, Etc.)</u>		
Presentation on S & H to be made through Licensee and/or national association	Development Stage	Association/ICOSI MT/Local Management/PME-C.A.
5. <u>Consumers</u>		
Campaign to inform consumers through press articles, etc. on <ul style="list-style-type: none"> - social acceptability - individual freedoms - smokers courtesy 	Development Stage	Association/ICOSI

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